The Governance of Land Use in Korea

URBAN REGENERATION

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Foreword

How land is used affects a wide range of factors – from day-to-day quality-of-life factors such as the availability of food and clean water and the length of daily commutes, to the long-term sustainability of urban and rural communities, including the possibility for climate change adaptation and mitigation. How governments regulate land use and address public and private investment, how competencies are allocated across levels of government, and how land use is taxed, are critical for all of these things and more. Korea has benefitted from comprehensive and well-structured, hierarchical land-use planning and urban regeneration frameworks. However, faced with a series of demographic and economic challenges, together with geographic factors and historical developments, it is time to re-evaluate land-use management and urban regeneration to leverage inclusive growth and boost competitiveness in Korean cities.

This report examines land-use trends, policies and practices in Korea, in particular in the city of Busan, through the lens of urban regeneration and citizen participation. Busan is the second largest city and the largest port city in Korea. Key economic sectors include shipbuilding and marine industries, machinery, steel, tourism, creative culture, bio-health and knowledge infrastructure services. Each of these sectors depends upon efficient land use and each has a direct relationship with urban regeneration and citizen engagement in the city. Busan was one of the first cities in Korea to pursue "people-centred urban regeneration". All levels of government in Korea now use an array of engagement strategies and mechanisms in the agenda setting, formulation, implementation and evaluation of policies. This report argues that involving citizens in land-use planning and urban regeneration is essential to collect better quality information as a basis for plans, decisions and outcomes. It also argues that the Korean government has the opportunity to introduce more flexible and dynamic approaches to land use to strengthen the outcomes of its urban regeneration agenda.

The findings and recommendations of this report build on the discussions held with a diverse range of national and local policy makers, civil servants and researchers in Korea during an OECD study visit in June 2018. The report incorporates the experiences of other OECD countries where lessons have been drawn on land use, urban regeneration and citizen participation and may contribute to the discussion of these policy areas in other OECD member and non-member countries.

This is the 8th report that is part of the OECD Regional Development Policy Committee's programme of research on the governance of land use. It was approved by the Committee on 14 December 2018 under the cote CFE/RDPC/URB(2018)14]. The Committee seeks to enhance well-being standards from cities to rural areas, and to improve their contribution to national performance and more inclusive and resilient societies.

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Executive Summary

Korea faces a series of demographic and economic challenges, which, together with geographic factors and historical developments, require a more efficient management of cities. An ageing and shrinking population, youth migration, poor supply of affordable housing, and a limited urbanised territory call for more compact urban development and urban regeneration. Land-use planning is a tool for ensuring more efficient and effective management of cities, pursuing sustainable and balanced development and improving quality of life and regional competitiveness.

However, in Korea, land use and urban regeneration face problems that vary from one place to another and over time. Different cities, towns and villages have different opportunities and strategies for change. For example, in Busan, Korea's second largest city, the share of the population aged over 65 increased from 5.1% in 1993 to 15.7% in 2017 (compared with a national average of 13.8%). The outflows of the younger population to other regions have driven the share of the economically active population down from 74.2% in 1993 to 72.9% in 2017.

Korea has adopted a comprehensive and well-structured, hierarchical land-use planning framework. The Comprehensive National Land Plan (CNLP) provides a general framework for land use and a long-term vision for socio-economic development, environmental protection, spatial planning, and well-being. The Framework Act on the National Land provides extensive guidelines and rules for the provisions contained in the CNLP. At regional level, the Metropolitan Urban Plan and the *Do* (provincial) Comprehensive Plans contain the spatial vision and land-use demand forecast, as well as sectoral plans (i.e. transport, housing, and infrastructure). At local level, the Urban Master Plans establish the basic spatial structures and the District Unit Plans steer the development of small neighbourhoods and individual blocks in densely populated areas. Nevertheless, a key drawback of the planning system is that it contains standardised and rigid zoning regulations, which specify the density, use or location of construction and apply to the entire national territory without considering the specific context of each region or neighbourhood.

Korea uses fiscal tools to pursue particular land-use objectives. For instance, the development impact fee to real estate developers is used to pay for all or part of the costs of providing public services to new developments. Regional and local governments are responsible for securing and raising funds to implement their land-use plans. However, some instruments, such as development impact fees and betterment levies, which are included in the legal framework, remain under-used.

To respond to the challenges of social inclusion, job creation and economic revitalisation, the Korean government issued the Special Act on the Promotion of and Support for Urban Regeneration, which promotes a more integrated framework for urban regeneration with national and local governments working in partnership. However, urban regeneration operates within a complex policy context influenced by over 40 different legal frameworks

at different spatial scales. Korea has a history of poor co-operative relationships between local governments, which may see each other as competitors rather than as potential partners in development.

The economic development of cities is reliant on efficient land use. In Busan, for instance, key economic sectors such as shipbuilding and marine industries, machinery, and tourism are closely linked to land use and urban regeneration. Thus, Busan promotes sustainable socio-economic development through physical renewal and culture-led urban regeneration. The Sanbokdoro Renaissance Project and the Gamcheon Culture Village exemplify successful hillside rehabilitation in the city. Inaccessibility, high unemployment, failing schools, and disenfranchised communities used to be the main features of both areas. From the outset, the projects were based on public, private and community collaboration. Residents, together with groups of artists, co-own the vision to regenerate the physical environment, strengthen the local community, transform the economy, and develop cultural programmes and assets. Extensive processes of community engagement and consultations have led to physical renewal, local economic development and community cohesion, and have contributed to promoting culture and tourism in Busan.

Urban regeneration in Korea is evolving towards a partnership between tiers of government and broader coalitions from civil society and the private sector. All levels of government use an array of engagement tools in the agenda setting, formulation, implementation and evaluation of policies. Involving citizens in land-use planning and urban regeneration is seen as a way to get better quality information for plans and decisions and have an overall picture of development needs and opportunities. Citizens are entitled to propose urban regeneration projects to local governments at a neighbourhood level. National government subsidises selected urban regeneration projects proposed by local governments on the condition (among other criteria) that citizens have taken part in their elaboration.

To leverage investments in urban regeneration and enhance citizens' engagement, Korean authorities may consider the following recommendations:

- Make the land-use planning system more flexible and dynamic to support the urban regeneration agenda by: i) enhancing flexibility and devolution in zoning regulations, ii) promoting mixed land use, iii) diversifying the set of fiscal instruments to meet spatial objectives, and iv) improving monitoring and evaluation of land-use planning.
- Maximise investments in urban regeneration by: i) addressing complexity and duplication of planning across levels of government, ii) streamlining the planning system to avoid overlaps and administrative inefficiencies, iii) evaluating the outcomes and impact of urban regeneration projects, iv) ensuring the availability of long-term investment strategies, and v) using urban regeneration as a catalyst for job creation.
- Revitalise the mechanisms for enhancing citizens' participation in urban regeneration and land-use planning by: i) conducting ex ante planning, ii) clarifying accountability in urban regeneration plans, iii) improving the environment for the effective participation of citizens, and iv) boosting the capacities and skills of the local public sector for engaging with citizens.

Assessment and Recommendations

Since the 1950s, national spatial planning has played a key role in the socio-economic development of Korea. During this time, the focus of spatial planning has evolved from the modernisation of the industrial structure in the 1950s and 1960s to prioritising and promoting globalisation and sustainable development in the 2000s. Currently, spatial policies aim to pursue sustainable and balanced development, improve quality of life and enhance regional competitiveness. In this context, land-use planning and urban regeneration with a citizens-oriented approach form the core of Korean urban policies. Land-use planning is a critical tool to manage the development of land in an efficient manner, whereas urban regeneration seeks to address inner city decline by improving the economic, physical, social and environmental conditions of degenerated areas.

Korea's focus on urban regeneration needs to be understood in the context of significant shifts in the economy (i.e. globalisation) and society (i.e. population ageing) that often go well beyond the control of local governments. The result has been a deterioration of the urban fabric and urban centres in poor communities, and weak economic development in some areas, which accelerate the negative spiral of urban decline, urban sprawl, social exclusion and environmental degradation. The challenges in terms of land use and urban regeneration in Korea vary from one place to another and over time. Different cities, towns and villages have different opportunities and thus different strategies for change. Economic restructuring, unemployment, social exclusion, insufficient quality infrastructure, and a lack of adequate affordable housing often define the content of the regeneration process and its operation in Korea. This report aims at exploring opportunities for improving land-use planning and urban regeneration strategies in Korea. The report draws on evidence from Busan, Korea's second largest city, as it has valuable experience in urban regeneration projects that build on the local context and allow for the extensive participation of citizens in the process.

The governance of land use

Demographic trends and geographic factors have triggered a focus on urban regeneration

Across Korea, demographic trends (ageing and shrinking population, internal migration), geographic factors (limited urbanised territory), and historical developments (Korean War in the 1950s) have influenced land-use policies and call for a more efficient management of cities. Cities are focusing on compact development and urban regeneration as the most suitable land-use strategy to meet long-term development goals. For instance, Busan is experiencing rapid population ageing and depopulation that are leading to a decrease in the demand for urban land (95% of its territory). The share of the population aged over 65 increased from 5.1% in 1993 to 15.7% in 2017 (the OECD average was 16.7% in 2017). At national level, the elderly population ratio increased from 6.4% in 1993 to 13.8% in 2017. The outflows of the younger population to other regions have driven the share of the

economically active population down, from 74.2% in 1993 to 72.9% in 2017. As in the rest of Korea, the urban area of Busan had been growing for residential and industrial purposes until recently, but demand for land has decreased, partly due to low population growth. The elderly tend to return from suburbs to city centres to enjoy easier access to better medical and transport services. This creates pressure for an adequate supply of affordable and suitable housing for this population cohort. Moreover, Busan has a complicated geography, as more than half of the area has at least a 10-degree incline or above. This topography means that only 5.8% of the total land in Busan is developable.

Korea has a comprehensive planning framework for land-use management, but it lacks flexibility

The Korean government seeks to revitalise regional economies and create jobs, addressing urban decline and a shrinking population by promoting urban regeneration. Efficient and effective land-use management is an essential instrument for conducting urban regeneration projects that lead to inclusive and sustainable growth.

A hierarchical and well-structured land-use planning system…

To improve the effectiveness and efficiency of land management, Korean authorities have issued an extensive set of hierarchical plans that set out how land use should be decided and acted upon at different scales, ranging from national to neighbourhood levels. At the top of the hierarchy, the Comprehensive National Land Plan (CNLP) provides a general framework for land use and the long-term vision, generally 20 years, for socio-economic development, environmental protection, spatial planning, and well-being. The Framework Act on the National Land provides extensive guidelines, rules and planning processes for the provisions contained in the CNLP and the *Do* Comprehensive Plans (provincial level). The National Land Planning and Utilisation Act sets guidelines for the metropolitan and urban plans and the zoning system. National level regulations on land use seek to promote long-term economic growth, affordable housing, and climate change adaptation and mitigation.

At regional level, the Metropolitan Urban Plans (prepared jointly by cities in the metropolitan area) and the *Do* Comprehensive Plans (provincial) constitute the top of the planning framework. They contain the spatial vision and land-use demand forecast, as well as sectoral plans such as transport, housing, infrastructure provision and environmental protection measures. The Metropolitan Urban Plan can provide guidelines for the Urban Master Plan and the Urban Management Plan.

At the regional and local levels, the Urban Master Plan establishes the basic spatial structures and long-term directions for development within the jurisdiction of a special city, metropolitan city, or city. It provides guidelines on which the Urban Management Plan should be based. The Urban Management Plan is the implementation plan as it mainly handles the land-use zoning system and imposes legally binding restrictions on land use for landowners. The District Unit Plans are the lowest level of land-use plans, which steer the development of small neighbourhoods and individual blocks in densely populated areas.

… but highly restrictive zoning regulations

While Korea's planning and zoning system is rather comprehensive, it is also restrictive and complex. Zoning regulation by land-use area is the basis of land-use control in Korea. A key drawback of the system is that it contains standardised zoning regulations, which specify the density, use or location of construction and apply to the entire national territory, without considering the specific contexts of each region or neighbourhood. By definition,

land-use planning and zoning are place-based and highly context specific. Therefore, restrictive land-use regulations may constitute a barrier to urban regeneration and effective land-use management. Zoning is not flexible enough to give private actors leeway to shape development and to allow neighbourhoods to change over time. The current zoning system in Korea mostly permits single-uses and density into pre-determined zones. This results in uniform and strict land-use patterns across the country without strategic planning orientation and consideration of the specificities of the different areas in a city.

While tax policy includes several instruments for achieving spatial objectives, some remain underused

Like other OECD countries, Korea uses the fiscal system to pursue particular land-use policies such as property tax and capital gains tax. Moreover, the government levies a development impact fee from real estate developers to cover all or part of the costs of providing public services to new developed areas. Since 1992, local governments have used innovative financial resources, based on the principle that building owners should pay for the demands they will place on local infrastructure. A traffic impact fee has also been exacted from developments that induce more traffic in Seoul and other large cities. However, some instruments, such as development impact fees and betterment levies, which are included in the legal framework, are not used to their full potential.

Local governments depend largely on national transfers

Korea has a highly centralised revenue collection system that gives few fiscal incentives to local governments to pursue urban expansionary policies. The revenue of the Korean sub-national governments consists of taxes, grants and subsidies, tariffs and fees, property income, and social contributions. National transfers to local governments account for 58% of their total revenues, while the OECD average is 48.3%. Regional and local governments are responsible for securing and raising funds to implement their land-use plans based on the Urban Master Plans and Urban Management Plans. However, national grants and subsidies can be provided to regional and local governments to financially support the implementation of land-use planning. A national budget account, the Special Account for Regional Development, is specifically dedicated to regional development.

The land-use planning framework has evolved to promote urban regeneration

Urban improvement projects – such as reconstruction, redevelopment, and new town development – have contributed to upgrading housing conditions and urban infrastructure provision. At the same time, however, they have had some negative effects. For example, they have concentrated on physical improvement, and have weakened local communities in some areas by driving housing prices up and forcing people to move to other areas. In addition, the shrinking population, the emergence of new business districts around the central areas, and the decrease in the economically active population are leading to a commercial decline of city centres. Such is the case of Busan's city centre. Therefore, the focus of land-use policies has shifted from expanding urban areas towards promoting urban regeneration. The land-use strategy of the Busan Metropolitan Urban Master Plan 2030 is to shift from urban expansion to revitalising old city centres and managing suburban areas in a sustainable manner. To revitalise old central areas through urban regeneration, the Master Plan proposes to: i) minimise new land supply around old city centres to improve the performance of urban regeneration, ii) establish comprehensive plans for unused and inefficiently used areas, and iii) deregulate and provide incentives to improve the built environment.

There is room to make the land-use planning system more dynamic

Korea has the necessary instruments to manage the use of land. Nevertheless, the land-use planning system could still be more flexible and dynamic to support the government's urban regeneration goals in a more efficient manner. Korean authorities may wish to consider the following actions:

- *Enhance flexibility and devolution in zoning regulations*. Korea would need flexible zoning regulations as well as regional/local governments with more authority on zoning issues. This calls for enhancing the devolution of authority on land-use planning to regional and local governments for more customised urban regeneration strategies. More flexibility would allow local governments to react in a more timely and creative way to emerging challenges.
- *Promote mixed land use*. The current zoning regulations and planning system do not go far enough to encourage mixed land use, as they only implicitly permit and encourage partial mixed land use by minimising regulation. In 2015, Korea's zoning system was reformed through the introduction of the Minimum Regulation Zone. However, local governments are not actively using this scheme because an area must meet strict criteria to be designated as a Minimum Regulation Zone. Mixed land use in urban areas could accommodate a variety of functions required for urban regeneration. For example, mixed-use developments could allow housing, cultural, commercial and office space in the same neighbourhood, which is not possible under the current system.
- *Diversify the set of fiscal instruments to meet spatial objectives* to provide local governments with an array of possibilities for managing land use more effectively and efficiently. For instance, Korea may introduce brownfield redevelopment incentives to motivate private developers to take on projects in areas that would otherwise be more expensive to develop due to existing structures, higher land costs and complex ownership rights. Transfer of development rights (TDR) could be a useful tool to steer development away from undesirable areas, such as those that are poorly linked to infrastructure and transport and lack services, towards areas where these amenities exist. Other possibilities include historic rehabilitation tax credit, use-value tax assessment, split-property tax, tap fees, special assessment tax, and land value tax.
- *Improve monitoring and evaluation of land-use planning*. The current lack of monitoring and evaluation tools makes it difficult to identify which policies work well at the local level and which do not. The aggregate effects of the land-use regulations on regions or the country are hard to estimate because no systematic information exists on the characteristics of regulations at the local level. For example, Busan Metropolitan City's spatial strategy would benefit from the development of key indicators that can be monitored to assess whether spatial objectives are achieved. This may include indicators on changing land use, new investments and environmental protection.

Urban regeneration

Urban regeneration is an instrument to revitalise the economy and communities

To respond to the challenges of social inclusion, job creation and economic revitalisation, the Korean government issued the 2013 Special Act on the Promotion of and Support for

Urban Regeneration. The Act marks a greater shift towards national and local governments working in partnership to create a more integrated framework for urban regeneration. The new framework comprises national guidance, strategic planning and implementation strategies focused on two thematic strands: economy and community.

Urban regeneration in Korea operates within a complex policy context influenced by over 40 different legal frameworks. However, through the Special Act on the Promotion of and Support for Urban Regeneration, the national government supports local governments to create their own urban regeneration strategic plan, as it sets the basic policy for national urban regeneration. The Special Act stipulates that regional governments have responsibility for the Urban Regeneration Strategic Plans, whereas local governments are responsible for the Urban Regeneration Master Plans.

The plethora of plans at different spatial scales creates co-ordination challenges

A major challenge for Korea is the co-ordination of many plans (spatial and sectoral) across levels of government and at different spatial scales. Korea has a history of weak co-operative relationships between local governments, who may see each other as competitors rather than as potential partners in development. Innovations such as the Presidential Committee for Regional Development (PCRD) and the Special Committee for Urban Regeneration create an opportunity to align activities within the national government and establish co-ordination mechanisms with other tiers of government.

Busan's economy is reliant on efficient land use and urban regeneration

In the case of Busan, key economic sectors include shipbuilding and marine industries, machinery, steel, and tourism. Each of these sectors depends upon efficient land use and each has a direct relationship with urban regeneration. Urban regeneration has been a central feature of managing growth and development in Busan for the last decade. In 2013, Busan Metropolitan Government (BMG) adopted a Declaration on the Urban Regeneration of Busan, which outlines changes in its urban policy from "development" to "regeneration". The city has taken bold steps to create regeneration strategies and projects that build on its strong identity as a port city, an open and inclusive city and, in recent years, a creative city. Through this initiative, BMG promotes creative urban regeneration through co-operation with civil society.

Busan seeks sustainable socio-economic development through physical renewal and culture-led urban regeneration

To meet housing demand in Busan, poor quality, unplanned settlements emerged in the hillsides in the 1950s and continued to develop during the 1970s and 1980s as low skilled workers moved to the city. These unplanned settlements have led to environmental degradation and social exclusion. One of the most significant factors undermining local confidence in these settlements is a strong sense of physical deterioration. Hence, many regeneration projects have concentrated on physical urban renewal.

In Korea, urban regeneration interventions have long appreciated the importance of culture as a catalyst to regenerate areas that have complex challenges. Two clear examples of the shift towards more people-centred, successful hillside urban regeneration are the Sanbokdoro Renaissance Project and the Gamcheon Culture Village, both in Busan. Both areas were characterised by poor accessibility, high unemployment, failing schools, and disenfranchised communities. From the outset, the projects were based on public, private and community collaboration. The vision for the projects emerged through an extensive

process of community engagement and consultations. Residents co-own the vision to regenerate the physical environment, strengthen the local community, transform the economy and develop cultural programmes and assets. Each initiative highlights the value of culture-led regeneration in neighbourhood renewal. These cases are founded on integrated and inclusive principles that have led to positive outcomes in terms of physical renewal, local economic development and community cohesion, and have contributed to culture and tourism in Busan.

Infrastructure, brownfields and smart city initiatives may help catalyse urban regeneration and investment

Infrastructure and transport play a key role in urban development and urban regeneration. For instance, the re-organisation, expansion and adaptation of the Busan port to the global market constitutes an opportunity for urban regeneration. As one of the most competitive ports in the global maritime economy, Busan is retaining its competitive advantage by rationalising its sites and logistics. The North Port Redevelopment Project aims to establish Busan and its ports as a global shipping gateway to Eurasia.

The redevelopment of brownfield sites is an integral part of Busan's approach to urban regeneration and sustainable urban development. This is an opportunity to realise sustainable urban development and a more environmentally sound, economically viable and socially equitable urban function. The sites also form part of the city's investment portfolio. Through a series of coherent and aligned master plans and the overarching regeneration strategy, Busan Metropolitan Government is turning brownfield sites into economic assets and opportunities. Invest Busan is a critical element of the city's marketing strategy and offers investors clear propositions by packaging site details, financial incentives, taxation and regulatory instruments under one body.

Sustainable urban development and urban regeneration initiatives in Busan include the U-City initiative. It aims to provide various ubiquitous city services and information to citizens anywhere and anytime by integrating urban infrastructure and ICT. The national government is aligning smart city and urban regeneration agendas through the Urban New Deal, launched in 2017. In this sense, local governments are encouraged to embed the smart city concept into their Urban Regeneration Master Plan and land use plans.

Busan is building capacity for urban regeneration through collaborative partnerships

In Korea, urban regeneration is becoming more of a partnership between tiers of government and broader coalitions from civil society and the private sector. For this purpose, the Ministry of Land, Infrastructure and Transport (MOLIT) has created an enabling framework to support urban regeneration through dedicated bodies such as the Urban Regeneration Assistance Organisations (URAO). In some cities, collaboration is mandated by state-driven processes, but in most cases, it is the interaction between a diverse set of institutions and actors. Busan has a strong track record of partnerships conducted with the national government, state actors, the private sector, and in recent years, with civil society. Busan has benefitted from strong local leadership that shaped the approach to regeneration in the city and led to people-centred initiatives. This approach is now embedded into national frameworks and is creating opportunities to build new coalitions in cities to drive projects forward.

To operationalise land-use planning and urban regeneration, Korea uses density, zoning and floor area ratios

Across OECD countries, the planning and zoning process functions differently and is controlled by different levels of authority. Korea uses urban regeneration plans to align land-use regulations and master plans. In Korea, the Urban Regeneration New Deal is using floor area ratios (FARs) to regenerate distressed urban areas, increasing density and supporting local economic development. The Urban Regeneration New Deal is a five-year programme that seeks a more flexible approach to zoning to realise optimal outcomes and to accelerate investment.

To maximise the investments potential, Korea needs to reinforce the urban regeneration strategy

Korea, and Busan in particular, could make the most of its urban regeneration investments through the following options:

- *Reduce complexity and duplication of planning at national and sub-national levels*. Korea has a complex planning legislation due to the large number of regulations and their interaction within and across administrative units at the national and sub-national levels. This can lead to inefficiencies and may require further reforms. Korea may wish to see urban regeneration as a part of growth strategies to ensure that all relevant policy interventions and expenditure at local and national levels are clearly mapped and both interlinkages and duplications are easily identified.
- *Streamline the planning system*. Land-use planning and urban regeneration are currently delivered through parallel, yet interdependent plan-led systems that can lead to overlapping and administrative inefficiencies. Both the Urban Master Plan and the Urban Regeneration Strategic Plan analyse socio-economic development, environmental protection and land use suitability in a given region, which may duplicate efforts and resources. Moreover, the committee oversight for plans and decision making can also present challenges. Resourcing the committees with appropriate experts can prove challenging and certain projects require approval from the Urban Planning Committee and the Special Committee for Urban Regeneration. The system could become more efficient and effective if joint meetings or committee mergers were allowed.
- *Reinforce evaluation*. Benchmarking and evaluating outcomes and impact from urban regeneration investments and programmes has long been considered challenging. Urban regeneration tackles multiple problems, ranging from the built environment, transport and housing, to culture, social inclusion, job creation and other factors. Understanding what works in urban regeneration requires quantitative and qualitative analysis. Korea may wish to consider strengthening evidence-based analysis by bringing together policy makers, academia and experts. The goal would be to change the way that local areas and national policy makers approach evaluation; the approach could enable Korea to measure the impact of urban regeneration and New Deal projects more effectively.
- *Ensure investments are available for urban regeneration projects*. A strategic plan should guide development and investment, including urban regeneration at the centre and growth management on the periphery of the functional region. The Busan Regeneration Strategy 2015 and the Regional Strategy clearly articulate the vision for the future and the interventions that BMG will support to regenerate the

city. However, the strategies are not supported by explicit investment and funding strategies, which is likely to limit progress.

- *Use urban regeneration as a catalyst for job creation*. As a city with an increasingly ageing population and young people gravitating toward Seoul, Busan will need to support regeneration initiatives with evidence-based employment and skills policies. In Busan, this will require specific strategies that set measurable baselines, targets and indicators. The national government is a key partner in job creation and skills development. To realise job creation from urban regeneration and public investment, the national government will need to work in partnership with Busan by aligning policies and interventions across government departments and levels of government.

Citizen engagement

Citizen engagement is critical for land use and urban regeneration

Since the 1990s, Korea has been strengthening the relationship between the government and citizens. All levels of government in Korea now use an array of engagement strategies and mechanisms in the agenda setting, formulation, implementation and evaluation of policies. Involving citizens in land-use planning and urban regeneration is essential for gathering better quality information as a basis for plans and decisions and getting an overall picture of development needs and opportunities. People's practical knowledge and experience add new aspects into the planning process. By involving the local community actively, it is possible to promote networks, a common identity and a sense of belonging. This can help ensure acceptance, involvement and ownership by local parties, freeing up time and resources for the next phases in the planning process.

Residents are increasingly at the centre of urban regeneration strategies

Korea is transitioning from a rigid and static form of public participation to a more dynamic process, where mediation becomes essential. The Special Act on the Promotion of and Support for Urban Regeneration aims to empower local residents to take the lead in resolving the issues of their neighbourhood and join the local participatory governance. Under the urban regeneration plans, residents and local governments jointly plan and implement projects. In addition, engagement and consultation take on greater relevance because: i) urban planning and regeneration projects are closer to the needs and priorities of citizens, and ii) it brings the right stakeholders on board. The central government provides support through means such as financial aid and system reforms as well as feasibility studies of the investments. For instance, Busan is implementing a community-based approach to its urban regeneration projects at neighbourhood level. This interaction is based on a partnership between citizens and the city government. The rationale for the partnership is that planners may have a limited knowledge of local problems, and statistical data on urban issues cannot express exactly how local people feel about them or how the suggested solutions fit into their cultural traditions.

Local governments encourage residents to play a more active role in urban regeneration

Under community-based activation plans, Korean citizens can propose policy options or urban regeneration projects to local governments. These plans take a neighbourhood-level approach, encourage the participation of diverse groups and individuals, and create a long-

term community vision. The national government subsidises selected urban regeneration projects proposed by local governments, and one of the criteria for selection is that citizens have participated in their elaboration. Citizens' proposals shape the dialogue with the local authorities, although the final decision rests with the local government.

The participatory process brings together three main types of actors: residents (including the private sector), the public administration, and experts (the head of the Urban Regeneration Support Centres, and local activists). Their degree of involvement depends on the type of project and the circumstances. Some activists also facilitate communication between government and residents, provide direction and ideas to citizens, and have an overarching vision of the project. At the moment, the land-use planning and urban regeneration processes are progressively changing towards resident-driven, bottom-up processes. In the future, the process of participation is expected to evolve towards horizontal multi-directional communication in decision making.

Busan has a wide range of tools to foster citizen participation in land-use planning and urban regeneration, but their effectiveness is not assessed

By nature, land-use planning and urban regeneration projects generally seek to solve problems that usually concern only a part of the city. However, even at neighbourhood level, the government needs to design and adopt specific tools to incentivise citizen participation in planning and urban regeneration, as population is diverse with different socio-economic backgrounds, needs and priorities.

Busan authorities currently have a number of tools to promote and facilitate citizen engagement in urban development. The use of such tools depends on the objectives pursued and the target group. For instance, when BMG engages in the active provision of information, it produces reports, brochures and leaflets. It may also use different delivery mechanisms that may be either direct (e.g. information centres) or indirect (e.g. media coverage, civil society organisations as intermediaries). When BMG seeks feedback from a broad range of citizens on specific policy issues or urban development projects, it uses tools for consultation that allow for a greater level of interaction, such as public hearings, citizens' panels, workshops, etc. However, there seems to be an imbalance between the amount of time, money and energy that authorities invest in engaging with citizens and civil society organisations and the level of attention they pay to evaluating the effectiveness and impact of such efforts. Moreover, public participation is hampered by the insufficient skills and capabilities of the public sector compared with the importance of engaging with citizens.

Korea should revitalise the mechanisms for enhancing citizen participation in urban regeneration

Korean citizens are increasingly seeking opportunities to participate actively in shaping the future of their city and their neighbourhoods. To revamp the mechanisms for promoting citizen participation in urban regeneration, Korean authorities may wish to consider the following points:

- *Conduct ex ante planning to engage citizens in policy making*. Improving communication at the early stages of planning by bringing relevant stakeholders into the process is essential so that urban projects or development programmes do not reach the "threat" stage. Busan needs to connect existing local knowledge with scientific evidence for land-use planning and urban regeneration. Local knowledge

could be used as a valuable input for an interactive participative planning process, where conflicts, if they exist, are resolved in a communicative and consensual way. The challenge is to establish a common language between citizens and planners.

- *Invest in evaluating the outcomes of citizen engagement strategies.* Local governments need to: i) evaluate, in a systematic way, the effectiveness of public participation exercises; and ii) develop the tools and capacity to evaluate their performance in providing information, conducting consultation and engaging citizens in order to adapt to new requirements and changing conditions. Having an understanding, through better data, of who participates (e.g. willing and able, willing and unable, and unwilling) and what factors may be influencing participation is essential for the evaluation of urban regeneration outcomes.
- *Clarify accountability issues in urban regeneration plans.* Engaging citizens in urban regeneration and land-use planning has real implications for accountability. Local governments need to avoid being seen as abdicating their responsibilities or increasing the burden on citizens, especially in relation to the tax regimes that finance public services. People involved in the urban regeneration projects need to be representative of the community or neighbourhood where the project is taking place.
- *Improve the environment for effective citizen participation* by: i) increasing opportunities for engagement, ii) gaining a better understanding of who participates, iii) focusing on evaluating the quality of outputs and outcomes (i.e. cost benefit analysis), iv) explaining to citizens the pros and cons of different decisions and the consequences of different proposals, and v) broadening the scope and scale of engagement efforts. The national government may provide guidelines on promoting citizen participation in urban development projects.
- *Boost the local public sector's capacities and skills for engaging with citizens* by: i) allocating more resources to support general and project-specific information and involvement; ii) making training in communication and process management mandatory for officials and managers, and allocating the necessary resources to support such training; iii) developing programmes, structures, strategies and feedback mechanisms to increase communication and information sharing among agencies, organisations and communities; iv) engaging NGOs in providing and delivering training programmes; and v) exploiting the opportunities of digitalisation and new ICT for enhancing citizen participation in urban regeneration and land-use planning.

Chapter 1. Land-use governance in Korea

This chapter presents an overview of the state of land-use governance in Korea, looking first at the context of spatial planning. It stresses that the share of national urban land is small but the demand for urban land has decreased. It then discusses the main issues of governance of land use in Korea focusing in particular on the case of Busan, Korea's second largest city. It highlights that land use in Busan is largely influenced by historical events and socio-economic changes such as ageing and shrinking population, and the city's slow economic growth. The chapter argues that inter-departmental co-ordination for land-use seems to be strong and that the city has a comprehensive but complex land-use planning framework. It highlights the need to shift the land-use planning approach from urban expansion to urban regeneration, and to improve the sub-national fiscal system. Finally, the chapter explores some policy options to strengthen Korea's land-use planning system.

Land use is a critical policy issue because it relates to economic growth, environmental sustainability, and social equality. Sustainable management of land resources underpins the achievement of sustainable livelihoods and even income generation as land resources are a source of food, shelter and economic development. Managing land resources sustainably is essential to ensure they contribute to providing important services such as watershed protection and biodiversity conservation, while at the same time contributing to the development of the economy. There are many policy tools that can affect land use, such as regulation for land-use planning. The land-use planning system alone, however, cannot meet the spatial objectives; policies outside of the planning scheme should be considered to attain the desired forms of spatial development for inclusive growth and sustainability, for instance fiscal instruments.

This chapter provides an overview of the land-use governance in Korea, exploring the general planning system, laws and regulations, fiscal instruments, and national fiscal scheme. Subsequently, this chapter will discuss the land-use planning practices at the local level by analysing the case of Busan Metropolitan City. The chapter ends with key policy recommendations for improving land-use governance in Korea and Busan.

The context of spatial planning

National spatial planning has been evolving

Korea's national spatial planning has drastically evolved since the end of the Korean War, from a focus on modernisation of the industrial structure in the 1950s and 1960s to policies focusing on globalisation and sustainable development in the 2000s. When Korea pursued catch-up development through government-led economic growth policies, the national spatial plans were also aligned. Accordingly, spatial plans played important roles in a number of areas such as urban development, housing supply and infrastructure provision. However, since the early 2000's, spatial planning policies have placed much more importance on the balance between development and environmental conservation. Currently, the objectives of land-use planning include balanced development, improving quality of life, and minimising imbalance across regions through capacity building for self-innovation (Box 1.1).

Changes to the Comprehensive National Land Plan (CNLP) show how the policy goals of national spatial planning have shifted over time (Table 1.1). The CNLP has been implemented for more than four decades in Korea. The CNLP defines the planning hierarchy of spatial plans and responds to the government's urban, regional and environmental priorities. It has contributed to inclusive growth by setting desirable goals and creating practical means for their implementation (KRIHS, 2013).

Table 1.1. Changes of policy objectives in the Comprehensive National Land Plan (CNLP)

Time	Economic/social situation	Territorial Plan	Aims of Plan
1960s	Unstable economy	Territorial Plan Law enacted	Modernisation of industrial structure
1970s	Changed industrial structure, increased economic efficiency, social disparities	1st CNLP	Efficient use of national territory, environment conservation and control of population concentration
1980s	Economic growth, population concentration in large cities, unplanned development	2nd CNLP	Expanding development possibility, dispersing population, environment conservation
1990s	Imbalanced territory, polluted environment, insufficient infrastructure	3rd CNLP	Suppressing the capital region, reducing regional disparities, expanding infrastructure
2000s	Era of knowledge/ information/global competitiveness, localisation, energy/resource crisis	4th CNLP, 1st five-year Balanced Development Plan	Responding to globalisation and localisation, sustainable national territory

Note: The CNLP is the framework territorial plan in Korea.
Source: KRIHS (2013), National Territorial and Regional Development Policy: Focusing on Comprehensive National Territorial Plan.

Box 1.1. Current vision and key tasks of spatial planning in Korea

Currently, spatial policies pursue sustainable and balanced development, improving quality of life and enhancing regional competitiveness. The overarching vision is to create a national territory that benefits all, with no one left behind. Emphasising capacity building for self-innovation, the Korean government broadly presents four key tasks to achieve the vision of spatial planning (as below).

1. Key task 1: Revitalise regional economies and create jobs

- Support region-led, balanced development by promoting regional hubs
- Lay foundations for creating quality jobs in regions through innovation

2. Key task 2: Address urban decline and shrinking population by regeneration

- Implement Urban Regeneration New Deal
- Enhance regional competitiveness through connection and co-operation

3. Key task 3: Improve quality of life through innovative construction

- Create a safe and secure living environment
- Strengthen the planned management of national land

4. Key task 4: Respond to changes in future conditions systematically

- Condensed national land management in response to population decline, etc.
- Build national land space in an inclusive and sustainable manner

Source: MOLIT presentation to the OECD Secretariat during the fact-finding mission.

Urban land share is small and the demand for urban land has decreased

The entire national territory of Korea spans 106 108.8 km^2 of which only a small proportion is urban land. In terms of land category[1], in 2016, 63.7% of the Korean territory was forest, 20.1% was farmland, and 10.7% was used for urban purposes (3.0% buildings, 1.0% factories, and 6.7% for various other purposes) (MOLIT, 2017a). In terms of land-use areas[2], in 2017, urban areas accounted for 16.6% of the total territory. Excluding green areas in urban areas, only 3.9% of total land is used for residential, commercial and industrial purposes (Table 1.2).

Table 1.2. Current land use in Korea

Sub-division of land-use areas in Korea (2017)

Areas	Sub-areas	Size (Km^2)	Ratio (%)
Total		1 061 089	100.0
Urban areas	Sub total	17 636	16.6
	Residential	2 670	2.5
	Commercial	331	0.3
	Industrial	1 182	1.1
	Green	12 617	11.9
	Not designated	837	0.8
Management areas		27 180	25.6
Agricultural areas		49 346	46.5
Natural environment conservation areas		11 948	11.3

Source: Korea Statistics Agency, http://kosis.kr/statHtml/statHtml.do?orgId=315&tblId=TX_315_2009_H1500&conn_path=I2 (Accessed on 03 July 2018)

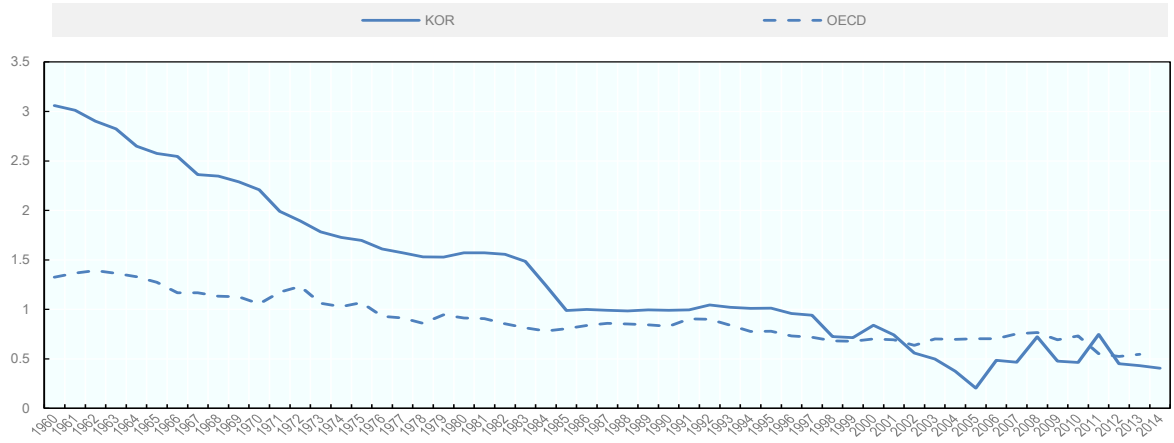
Urban areas in Korea have expanded for the past ten years, increasing by around 446 km^2. The increase has been mostly for residential and industrial purposes (MOLIT 2008, 2018a). However, Table 1.3 shows that the increase rate of urban areas decreased from 67.8% to 2.6% between 1970 and 2017, which means the demand for urban land has decreased. Considering Korea has low population growth, which is below the OECD average (Figure 1.1), and the lowest fertility rate of all OECD countries (Figure 1.2), the decreasing demand for urban land may continue.

Table 1.3. Changes in the urbanisation rate in Korea

	1970	1977	1987	1997	2007	2017
Urban areas (km^2)	7397.7	12414.6	13592.5	14928.7	17190.1	17635.9
Increase rate (%)		67.8	9.5	9.8	15.1	2.6

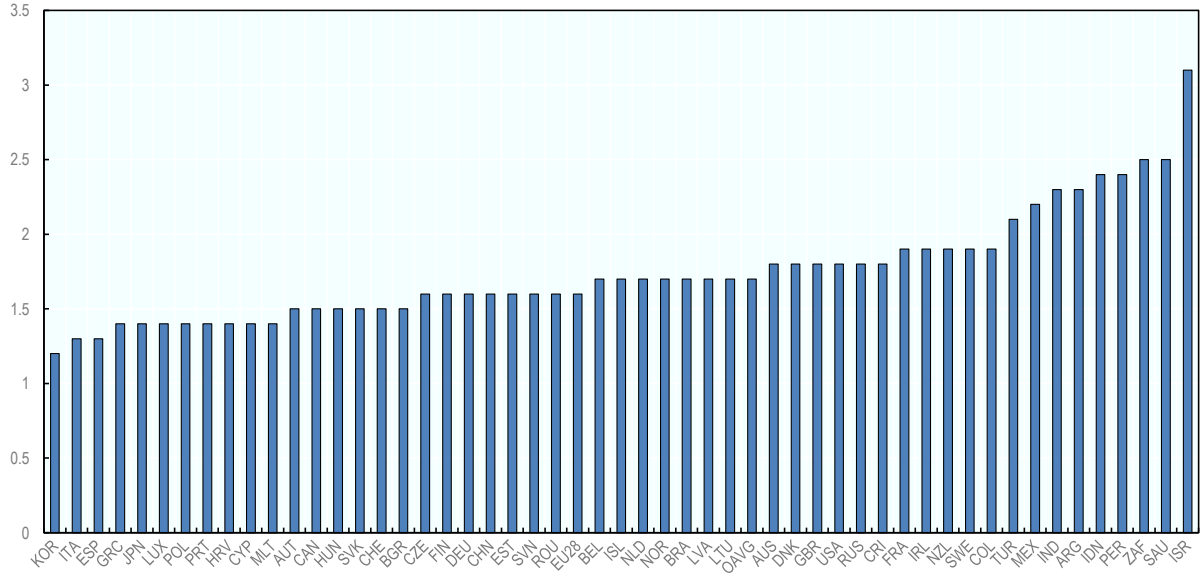
Source: OECD calculations based on MOLIT (1998), Land planning factsheet 1998; MOLIT (2008), Land planning factsheet 2008; MOLIT (2018a) Land planning factsheet 2018

Figure 1.1. Population growth rates (%)



Source: OECD Data, https://data.oecd.org/pop/population.htm (Accessed on 05 August 2018)

Figure 1.2. Fertility rates (%)



Source: OECD Data, https://data.oecd.org/pop/fertility-rates.htm (Accessed on 05 August 2018)

Korea has a comprehensive regulatory framework for land use and spatial planning

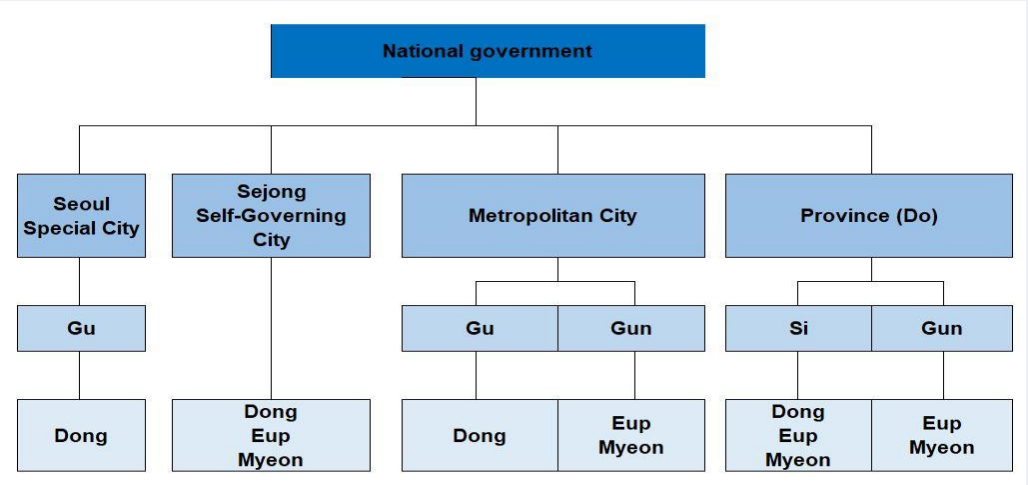
The national government of Korea provides the framework legal scheme and a comprehensive national planning framework for land use. In addition, the government approves and co-ordinates the land-use plans of regional and local governments. As in other OECD countries, Korea's national government usually has three primary functions related to land-use policies. First, it enacts the framework legislation that structures the planning system. Second, it provides a spatial framework for the country that guides its development.

Third, it oversees land-use plans and designates the urban planning boundaries in its country. Furthermore, the national government is the primary actor with regard to environmental protection and the designation of development restriction green zones (green belt) (OECD, 2017a).

Box 1.2. Korea's regional administrative system

Korea has three levels of government. Below the national government, there are 17 first-tier regional governments: 1 special city (teukbyeolsi), 1 special self-governing city (teukbyeol jachisi), 6 metropolitan cities (gwangyeoksi), and 9 provinces (do) including one special self-governing province (teukbyeol jachido). Metropolitan cities combine the functions of regional and local government. At the local level, there are 230 local authorities that have the status of city (si), county (gun) or district (gu). These local authorities are further sub-divided into 3 500 administrative units such as dong, eup and myeon (MOIS, 2017).

Figure 1.3. Regional administrative system in Korea



Source: Korea Statistics Agency, http://kosis.kr/statHtml/statHtml.do?orgId=214&tblId=DT_21402_Q001 (Accessed on 03 May 2018).

At national level, the Framework Act on the National Land and the National Land Planning and Utilisation Act provide the legal basis for the spatial planning system. On the one hand, the Framework Act on the National Land provides the extensive guidelines, rules and planning processes for the CNLP and the Do Comprehensive Plans, and these plans provide the overarching framework for land use. In addition, it presents territorial development philosophies such as no development without planning. On the other hand, the National Land Planning and Utilisation Act stipulates the other framework land-use plans such as the Metropolitan Urban Plan, the Urban Master Plan, and the Urban Management Plan. In addition, it has articles on the zoning system, in particular, the location-related restrictions such as land to building ratios and floor area ratios depending on land-use areas. The Act was enacted in 2002, combining two different laws: the Urban Planning Act which was the governing act for urban areas, and the Act on the Utilisation and Management of the

National Territory which was for rural areas (Box 1.3). Finally, the Urban Planning Committee (the land use co-ordination body) is based on this law (Box 1.4).

Box 1.3. Land-use reforms through the enactment of the National Land Planning and Utilisation Act

Before 2000, the governing act for urban areas was the Urban Planning Act, while that for rural areas was the Act on the Utilisation and Management of the National Territory. The current system of land-use governance was created in 2002 when the National Land Planning and Utilisation Act was enacted. The law has become the governing act for urban and rural areas, and it brought some meaningful reform. First, land-use areas were rearranged. The previous five land-use areas were rearranged into four areas by combining "quasi-urban areas" and "quasi-agricultural areas" into "management areas". This changed the categories from "urban, quasi-urban, quasi-agricultural areas, agricultural areas, natural environment conservation areas" to "urban, management, agricultural areas, natural environment conservation areas". Second, the Land Suitability Assessment System was introduced for the objective sub-divisions of management areas. Management areas consist of three sub-areas: conservation and management, agricultural and management, and development and management. Based on the Land Suitability Assessment results, a management area belongs to one of the three sub-areas. Also, the Act changed the mechanism for the restriction of activities in management areas from a negative to a positive system and strengthened the degree of development density to the level of green areas. Finally, the reform established the District Unit Plans.

Table 1.4. Zoning regulation changes in 2002 (%)

Before	BLR/FAR	After	LBR/FAR
Quasi-urban areas	60/200	Conservation and management areas	20/80
Quasi-urban areas	60/200	Agricultural and management areas	20/80
Quasi-agricultural areas	40/80	Development and management areas	40/100
Agricultural areas	60/400	Agricultural areas	20/80
Natural environment conservation areas	40/80	Natural environment conservation areas	20/80

Note: LBR = land to building ratios, *FAR* = floor area ratios.
Source: MOLIT presentation to the OECD Secretariat during the fact-finding mission.

Box 1.4. Structure of the National Land Planning and Utilisation Act

The Act consists of 12 chapters and 144 articles. It stipulates the land-use planning system, legal scheme of zoning regulations, central urban planning committee etc. Notably, some chapters have their own subordinated regulations such as the Guideline for the Urban Master Plan and Guideline for the Urban Management Plan. The regulations are set by the national government and they have extensive and detailed guidelines that regional and local governments should follow when making their land-use plans.

Table 1.5. National Land Planning and Utilisation Act and its subordinated regulations

Ch	Title	Contents	Subordinated regulations
1	General rules	Purpose Fictitious dismissal	
2	Metropolitan Urban Plan	Contents of the plan Planning process	Guideline for Metropolitan Urban Plan
3	Urban Master Plan	Contents of the plan Planning process	Guideline for Urban Master Plan
4	Urban Management Plan	Contents of the plan Planning process Zoning regulations Urban planning facilities District Unit Plan	Guideline for Urban Management Plan Guideline for District Unit Plan
5	Development permission	Permission for development activities Infrastructure rolling system	Guideline for development permission Guideline for infrastructure rolling system
6	Zoning regulations	Land to building ratio Floor area ratio	Urban planning ordinance
7	Urban planning facilities	Implementation plan	
8	Expenditure	Principles for expenditure	
9	Urban planning committee	Central/regional committee establishment Roles and principles	Manual for central urban planning committee
10	Land transaction permit	District for the permit process	Manual for land transaction permit
11	Supplementary rules	Pilot project Information system	
12	Penalty	Penalty Administrative fine	

Source: Park (2006), Research on an Efficient Application Scheme through Characteristic Analysis of Urban Planning-Ordinance.

Other regulations that have a direct impact on land use and deal with individual land-use cases are: the Farmland Act, the Mountainous Districts Management Act, the Building Act, and the Tourism Promotion Act. Furthermore, some acts stipulate the land-use areas, districts or zones that can be designated to attain the policy goals pursued by the acts (Table 1.6). Once those areas, districts or zones are designated, restriction on land use is imposed directly. For example, when an area is designated as a natural reserve based on the Natural Environment Conservation Act, any new construction, extension to existing buildings or activities changing the shape of the land are strictly prohibited.

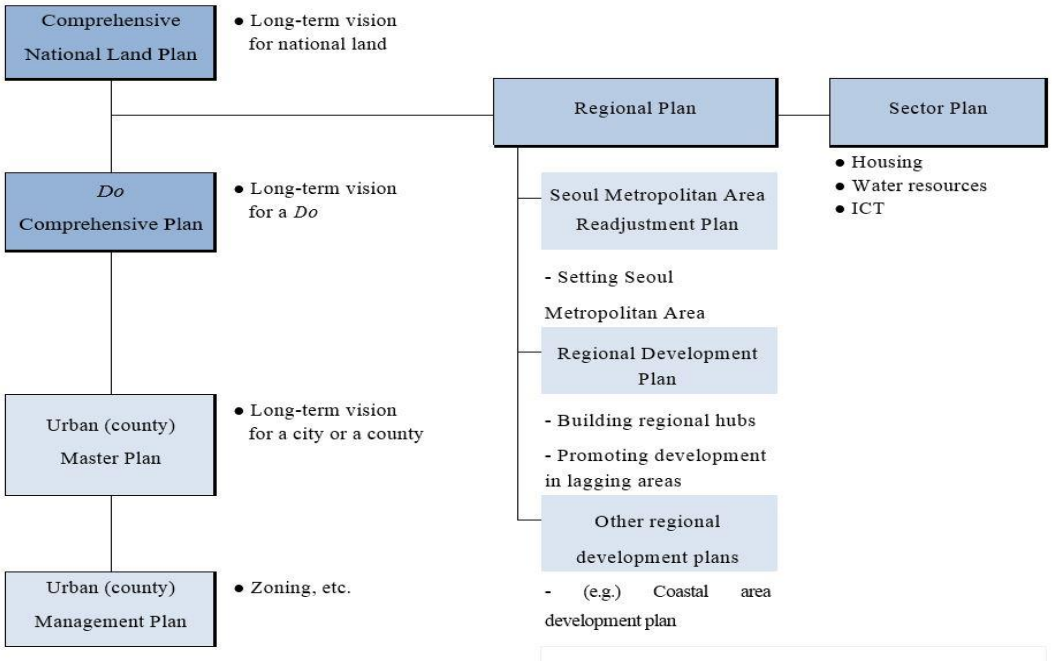
Table 1.6. Land use related laws and specified areas/zones

Item	Law	Area/Zone
Agriculture	Farmland Act	Agricultural promotion area
Industry/energy	Industrial Placement Act	Growth management zone
	Atomic Energy Act	Restricted area
Transport/telecoms	Harbour Act	Harbor zone
	Telecommunications Act	Electric line protection zone
Resources/environment	Natural Environment Conservation Act	Natural reservation area
	Water Supply Act	Water-source protection area
Education/culture	Cultural Heritage Protection Act	Protection area
	School Health Act	School sanitation zone
Disaster	Disaster Control Act	Special disaster alert area

Source: MOLIT presentation to the OECD Secretariat during the fact-finding mission

In most countries, higher levels of government develop strategic plans and policy guidelines with spatial implications to co-ordinate the territorial development of an entire region or of the whole nation, while local governments make decisions about detailed land uses (OECD, 2017a). Korea also uses a hierarchical land-use planning system (Figure 1.4). At the national level, the Comprehensive National Land Plan (CNLP) provides a general framework that focuses on socio-economic development, environmental protection and well-being and contains spatial and non-spatial elements. It has a 20-year time horizon and can be renewed every five years if necessary. The current plan, the third version of the 4th CNLP, covers the period 2011-20 (the initial version of the 4th CNLP had a 20-year time horizon (2000-20)). Although the CNLP is legally binding for lower level plans, in practice it is not particularly restrictive as it provides long-term vision and strategies for national land as opposed to small-scale land-use plans such as zoning.

Figure 1.4. Hierarchical structure of national land- use plans



Source: MOLIT presentation given to the OECD Secretariat during the fact-finding mission.

Vertical and horizontal co-ordination for land-use planning is strong

In Korea, like many other OECD countries, vertical co-ordination of land-use policies is primarily ensured by the hierarchical character of the spatial planning system; lower level plans are generally required to correspond to higher level plans (OECD, 2017b). Further, according to Article 6 of the Framework Act on the National Land, national land-use plans are classified into the Comprehensive National Land Plan, a Do Comprehensive Plan, a Si/Gun Comprehensive Plan, a regional plan, and a sector plan (Box 1.5). Plans relating to agricultural villages, maritime affairs and tourism that are governed by other ministries are classified as sector plans, all of which are placed under the Comprehensive National Land Plan formulated by the Ministry of Land, Infrastructure and Transport (MOLIT). Accordingly, these sector plans are also required to correspond to the Comprehensive National Land Plan.

In terms of vertical co-ordination, there were some reforms for devolution. For example, The National Land Planning and Utilisation Act was revised to facilitate devolution to local governments and make the land-use planning system more flexible. Table 1.7 shows how the powers of land use have transferred from national government to regional governments, resulting in the greater co-ordination authority of regional governments. The Act also made the land-use system more flexible. Attaining flexibility of land use and promoting customised land use at the regional and local levels showed good progress, but there is still room for improvement. This will be discussed in the last section of this chapter, especially for greater devolution, flexibility and mix land-use facilitation.

Table 1.7. Changes to land-use regulations in the National Land Planning and Utilisation Act

	Before	Revision
Urban Master Plan	Plan approved by MOLIT	Approval right transferred from MOLIT to governors (2005)
		MOLIT's approval abolished for Urban Master Plan of metropolitan cities (2009)
Urban Management Plan	Plan approved by governor	Governor's approval abolished if a city has more than 500 000 people (2009)
District Unit Plan	Land-use areas cannot be changed by District Unit Plan	Allowed for vacant lots and mixed land use (2012)
Land-use Area	Permitted uses are very strict by Special Purpose Area	Restrictions on permitted uses loosened (2004-14)
Land-use District	Eight categories of districts	Categories combined into five (2017)

Source: Korea Planning Association (2014), Study on reforming land-use and urban planning in Korea

Horizontal co-ordination at the national level takes place mainly via two committees. One is the Central Urban Planning Committee within the Ministry of Land, Infrastructure and Transport (MOLIT). The committee mainly reviews Metropolitan Urban Plans, development restriction green zones (green belt) and other land-use planning that requires the committee's review by law. The other is the Land-use Permission Co-ordination Committee, which was established in 2017. It co-ordinates building permits, factory construction permits and other development related activities in cases where there are disagreements between local governments (MOLIT, 2018b).

Box 1.5. Definition and classification of national land-use plans

Article 6 of the Framework Act on the National Land stipulates the definition and classification of national land-use plans. National land-use plans are classified into: i) Comprehensive National Land Plan, ii) Do Comprehensive Plan, iii) Si/Gun Comprehensive Plan, iv) regional plan, and v) sector plan.

- Comprehensive National Land Plan: indicates a long-term direction for development of the national land, covering the entire territory of the country.
- Do Comprehensive Plan: indicates a long-term direction for development of the jurisdictional area of a Do or a Special Self-Governing Province, covering the entire area of the relevant region.
- Si/Gun Comprehensive Plan: indicates the basic spatial structure and a long-term direction for development of the jurisdictional area of a special metropolitan city, metropolitan city, si or gun, covering the entire area of the relevant region. The plan is formulated for land utilisation, traffic, environment, safety, industry, health, welfare, culture etc.
- Regional plan: formulated to achieve the objectives of special policies in a specific region, covering the entire area of the region.
- Sector plan: indicates a long-term direction for development of a specific sector, covering the entire national territory.

Source: MOLIT presentation to the OECD Secretariat during the fact-finding mission

Regional and local governments handle detailed land-use plans

The regional governments prepare the strategic metropolitan or provincial plans depending on their status as a metropolitan city or province. At the regional level, the Metropolitan Urban Plans and the Do (province) Comprehensive Plans provide regional frameworks and focus on similar topics to the Comprehensive National Land Plan. Metropolitan Urban Plans and Do Comprehensive Plans are created by metropolitan cities or provinces but need to be approved by MOLIT. In particular, the Metropolitan Urban Plan is the plan that adjacent cities and regions collectively establish for their strategic spatial planning goals. The planning horizon is 20 years. Although the plan is not mandatory, it can provide a guideline for the Urban Master Plan and the Urban Management Plan. Since it is a strategic plan, it contains spatial vision, land-use demand forecast, and sectoral plans such as transport, housing, and environment protection (MOLIT, 2018b).

At the regional and local levels, the Urban Master Plan[3] is a comprehensive plan that establishes the basic spatial structures and long-term directions of a development within the jurisdiction of a special city, metropolitan city or city, and provides guidelines on which the Urban Management Plan is to be based. This comprehensive plan not only predicts and prepares for changes in living conditions in terms of material, spatial, environmental and socio-economic conditions, but also provides a future vision and basic framework of development for the next 20 years (with the plan being amended every five years). In particular, it covers socio-economic development, housing, transport, infrastructure, public

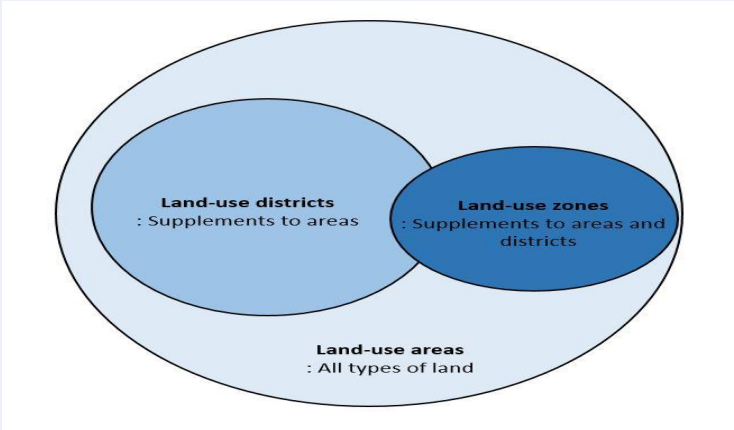
health, disaster prevention, environmental protection, sustainability, culture, and heritage protection (MOLIT, 2017b).

The Urban Management Plan is the implementation plan and mainly handles zoning which imposes legally binding restrictions on land-use for landowners. The land-use zoning system in Korea is described in Box 1.6. In particular, the land-use areas are determined by the Urban Management Plan. Depending on the area, land use is restricted by limiting the utilisation of the land and buildings on it, for instance, through land to building ratios, floor area ratios, heights of buildings etc. (Table 1.8). As seen in Table 1.9, the Urban Management Plan assigns only one land-use area, which is considered as optimal, to a plot in order to utilise the land economically and efficiently, and to ensure an improvement of public welfare by limiting the land utilisation and its land to building ratios, floor area ratios, and heights of buildings and so on. (MOLIT, 2017b).

Box 1.6. Overview of the land-use zoning system in Korea

Although the zoning system in Korea is rather comprehensive, it is also restrictive, inflexible and complex. The three pillars of the zoning system are land-use areas, land-use districts and land-use zones. The figure below illustrates the relationship between them, which may overlap. The land-use areas are designated by their primary uses, and they are divided into four categories: urban areas, management areas, agricultural areas and natural environment conservation areas. Urban areas are sub-divided into residential areas, commercial areas, industrial areas and green areas. Management areas are sub-divided into three categories such as "conservation and management", "agricultural and management", and "development and control areas". Depending on the area, architectural structures may vary by type and size, including land to building ratios, floor area ratios, and building height. The areas are determined and modified by the Urban Management Plans. The land-use districts are designated within five categories (scenic districts, disaster prevention districts, conservation districts, community districts, and development promotion districts), each of which is divided into sub-groups and managed appropriately. The land-use zones are designated to intensify or lift restrictions on areas or districts, depending on the use or forms of land and architectural structures. These zones are divided into four groups, including development restriction green zones, controlled urbanisation zones, protected fishery resources zones and urban natural park zones.

Figure 1.5. Land-use zoning system in Korea



Source: OECD (2014), Compact City Policies: Korea: Towards Sustainable and Inclusive Growth http://www.oecd.org/fr/regional/compact-city-policies-korea-9789264225503-en.htm.

Table 1.8. Land-use restriction by plan

		Land use	Population	Density	Usage	Height	Landscape
Urban Master Plans		Δ	o	Δ	O	x	o
Urban Management Plans	Land-use areas	O	Δ	O	O	o	x
	District Unit Plans	O	o	O	O	o	o

Note: o indicates direct restriction, Δ indicates indirect restriction, and x indicates no restriction.
Source: KRIHS (2016a), Research on the improvement of Land Use Regulation Considering Future Urban Policy.

Table 1.9. Sub-division of land-use areas and their land-use restrictions in Korea (%)

Areas	Sub-areas			LBR	FAR
Urban areas	Residential	Class I exclusive	To protect residential environments for independent housing	50	50-100
		Class II exclusive	To protect residential environments for multi-unit housing	50	100-150
		Class I general	To create convenient residential environments for low-floor housing	60	100-200
		Class II general	To create convenient residential environments for mid-floor housing	60	150-250
		Class III general	To create convenient residential environments for mid/high housing	50	200-300
		Quasi-residential	To provide commercial environments to residential areas	70	200-500
	Commercial	Central	To expand the commercial functions in the centre/sub-centre	90	400-1500
		General	To provide general commercial and business functions	80	300-1300
		Neighbouring	To supply the daily necessities and services in the neighbouring area	70	200-900
		Circulative	To increase the circulation function in the city and between the areas	80	200-1100
	Industrial	Exclusive	To admit the heavy chemical industry, pollutive industries, etc.	70	150-300
		General	To allocate industry not impeditive to the environment	70	200-350
		Quasi-industrial	To admit light industry and other industries, but in need of supplementing the residential, commercial functions	70	200-400
	Green	Conservation	To protect natural environment and green areas in the city	20	50-80
		Agricultural	To reserve an area for agricultural production	20	50-100
		Natural	To secure green area space and supply of future city sites	20	50-100
Management areas	Conservation and management		To protect, but hard to designate as conservation areas	40	50-100
	Agricultural and management		To reserve for agriculture and forestry	20	50-80
	Development and management		To be incorporated to urban areas in the future	20	50-80
Agricultural areas			To protect forestry and promote agriculture	20	50-80
Natural environment conservation areas			To protect natural environment	20	50-80

Note: LBR = land to building ratios, FAR = floor area ratios.
Source: MOLIT (2018b), Manual for Urban Policy 2018

Furthermore, the District Unit Plans exist as the lowest level of land-use plans to steer the development of small neighbourhoods and individual blocks in densely populated areas. Unlike the other plans above, the District Unit Plans are established only for particular districts, not all administrative jurisdictions. They are set up if a district requires special management to respond to expected future changes, especially for re-arrangement of existing land use and improvement of the built environment. The plans can add flexibility to the strict urban planning scheme based on the zoning system. Almost all kinds of land-use regulations such as density, height and building type can be adjusted in District Unit Plans (BDI, 2012). As of 2017, there were 9 334 District Unit Plans nationwide. Gyeonggi province has the highest number of these plans (2 012), and Busan Metropolitan City has 573 (MOLIT, 2018b).

Zoning regulations by land-use area are the basis of land-use control in Korea. Notably, there is room for zoning regulations to be improved. First, the current zoning system leads

to single use land-use patterns. As mentioned above, the land-use areas do not overlap. This has the aim of utilising the land economically and efficiently, but results in promoting single use. Second, the zoning system allocates permitted uses and density into pre-determined zones, resulting in uniform and strict land-use patterns across the country (KRIHS, 2016b). For example, if a metropolitan city and a town in a rural area both have a central commercial area within their jurisdiction, the same land to building ratios and floor area ratios are applied to the area, regardless of the characteristics and socio-economic context of the neighbourhoods. Third, the current zoning system lacks a strategic planning function. Indeed, land-use areas do not provide strategic planning directions, thus actual land uses are quite different across local governments, even in the same land-use area (KRIHS, 2016a). For instance, permitted buildings in the class II general residential area are: single houses, multi-family houses, neighbourhood living facilities such as convenience stores and hairdressers, offices, sports facilities etc. Therefore, one city may use the area for residential purposes, whereas another city may add partially commercial functions to the area.

Fiscal instruments to steer land are limited

How land is used is the outcome of a complex array of interactions. While the planning profession has many tools with which to shape land use, there are other elements beyond the purview of the planning system such as fiscal instruments. Private land-use decisions are always the result of cost-benefit considerations, even if they occur unconsciously and include a wide range of non-monetary factors. Fiscal instruments play a crucial role in decisions because they influence both the costs and benefits of land use. In other words, fiscal instruments can change behaviours by providing financial incentives and disincentives. Some well-known fiscal instruments and their mechanisms are described in Table 1.10, and more fiscal instruments and detailed explanations can be found in Annex A.

Table 1.10. Mechanisms and spatial goals by fiscal instrument

Type	Mechanism	Spatial goals
Brownfield incentives	Subsidy or grant	Create incentives to develop brownfield sites and, as a result, preserve greenfield sites
Historic rehabilitation tax credits	Tax credit	Preserve buildings/neighbourhoods with historical and cultural value
Transfer of development rights	Market-based incentive	Preserve open space and limit density in under-serviced areas; increase density in well-serviced areas
Use-value tax assessment	Higher tax rate on undesirable uses	Generally used to preserve farmland. Can, in principle, be used to encourage any type of use
Development impact fees	Fees paid by developers	Make developers pay the costs that their developments create for the public
Betterment levies	Captures the increase in property values	Fiscal mechanism that can support the development of new public infrastructure

Source: OECD (2017a), The Governance of Land Use in OECD Countries: Policy Analysis and Recommendations, http://www.oecd.org/gov/the-governance-of-land-use-in-oecd-countries-9789264268609-en.htm.

Korea currently uses some of these instruments. For example, a development impact fee is charged to real estate developers to cover part of the cost of new construction. It can be charged when land is initially developed or when infrastructure is upgraded or significantly

rehabilitated (Silva and Acheampong, 2015). In addition, residents can receive some financial support for repairing their traditional-style houses, although there is no financial support such as historic rehabilitation tax credits for private developers who attempt to preserve historic structures.

A new fiscal instrument was adopted in 2008 – the Conjoint Regeneration Programme (CRP). It allows two renewal projects to be combined and then permits trading of their unused floor area ratios (FAR) between two renewal projects. Under the CRP, a landowner who needs more FAR can buy it from another landowner who does not fully take advantage of the FAR on their plots. This is similar to transfer of development rights (TDR), the difference being that the former allows only for the trading of FAR, whereas the latter encourages the exchange of development rights (Park & Yang, 2012). However, CRP has rarely applied due to several reasons such as low development pressure and relatively fewer benefits.

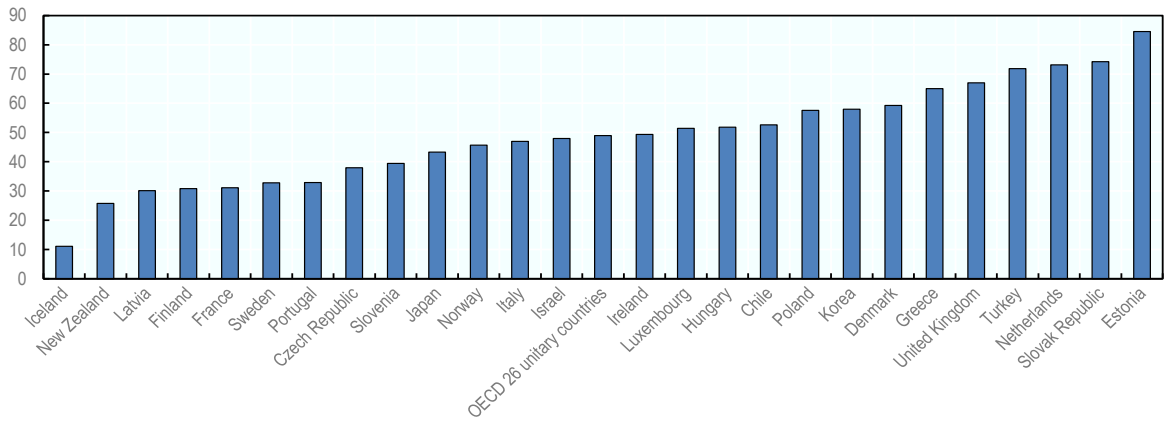
Well-designed tax schemes are important for achieving spatial objectives. Like many other OECD countries, property tax and capital gains tax have been adopted in Korea. Furthermore, tax reduction benefit is available to promote public transport. Some metropolitan cities such as Seoul also collect congestion fees to reduce the volume of traffic in downtowns. These tax policies are well aligned with land-use policies, especially for promoting compact cities.

The fiscal system does not provide balanced incentives for planning policies

Fiscal structure is one of the elements which interacts with land-use planning. Depending on whether the fiscal system is decentralised or centralised, local governments have different incentives for land use. In particular, in more centralised settings, local governments have incentives to pursue urban containment policies. This is because, in centralised systems, local governments are funded predominantly by national transfers and will neither benefit from increased development nor suffer negative fiscal consequences. In contrast, decentralised systems face different pressures. Local governments that depend on their own revenues to fund infrastructure and services have larger incentives to increase their tax base to raise revenues. Therefore, some local governments may turn to new developments that increase their tax base (OECD, 2017a).

Local governments in Korea may have less incentive to pursue urban expansionary policies inferred from the fiscal structure. Korea has a highly centralised revenue collection system, so national transfers to local governments account for a substantial share of local government revenues (OECD, 2004). Sub-national government revenues consist of taxes, grants and subsidies, tariffs and fees, property income, and social contributions. In 2016, grants and subsidies from the national government, (i.e. the conditional grants provided to local governments to support projects of national or local interest), made up 58% of the total revenue of sub-national governments in Korea. This is the 8th highest rank in the unitary countries[4] of OECD countries (Figure 1.6). In addition, some national transfers, such as local shared tax, are transferred by an equalisation formula. Local shared tax is a national equalisation scheme, the purpose of which is to equalise vertical and horizontal imbalances. It is allocated on the basis of objective needs, which are determined by an equalisation formula, and its funding base is currently 19.24% of domestic tax revenues, 100% of aggregated land tax, and 20% of consumption tax on tobacco (MOIS, 2017).

Figure 1.6. Share of grants/subsidies in total revenue of sub-national governments (2016)



Note: Only unitary countries among OECD countries are listed above.
Source: OECD Regional Statistics, https://doi.org/10.1787/05fb4b56-en (Accessed on 05 August 2018)

Basically, regional and local governments are responsible for securing and raising funds to implement their land-use plans based on their Urban Master Plans and Urban Management Plans. In part, however, national grants and subsidies can be provided to regional and local governments to financially support land-use planning implementation. There is a national budget account especially for regional development – the Special Account for Regional Development, and some regional and local governments take advantage of the account's budget to fulfil planned development projects (Table 1.11). In the 2000s, Korea established a Presidential Committee for Regional Development, and in 2004 the Special Account for National Balanced Development was introduced with the objectives of increasing resource transfer to regions and targeting specific national programmes at regions outside the capital region (OECD, 2012a).

Table 1.11. Changes to the Special Account for Regional Development

	Special Account for National Balanced Development	Special Account for Mega-Regions and Regional Development	Special Account for Regional Development
Period	~2008	2009~2013	2014~
Goal	National balanced development	Specialised development of each region and development of mega-regions	Improved well-being and higher regional competitiveness
Structure	Regional Development Account Regional Innovation Account Jeju Account	Regional Development Account Mega Region Account Jeju Account	Living Base Account Economic Development Account Jeju Account Sejong Account

Source: MOLIT presentation to the OECD secretariat during the fact-finding mission.

In 2018, the Special Account for Regional Development had a budget of approximately KRW 10 trillion (National Assembly Budget Office, 2018). It is composed of four accounts:

- Living Base Account: used for projects whose impacts are limited to regional or local areas. Like other accounts, it is distributed to different ministries for implementing regional targeted programmes. For example, local governments can improve traditional markets, create parking spaces or build local museums.
- Economic Development Account: used for projects which have national or inter-regional interests, e.g. inter-city road buildings, inter-city railroad construction, and establishment of eco-tourism complexes.
- Jeju Account: a special account for the Jeju province
- Sejong Account: a special account for the Sejong Self-Governing City.

The governance of land use in Busan

Land use in Busan is largely influenced by historical events and socio-economic changes

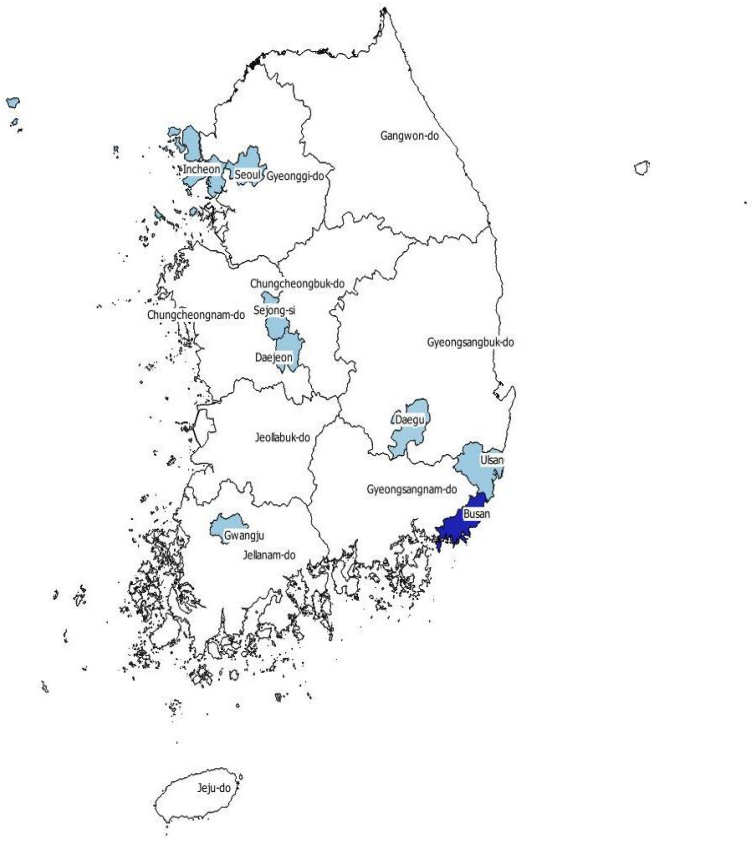
Unplanned urban growth was the legacy of the Korean War, the consequences of which are still felt

Busan Metropolitan City, located on the southeast coast, is Korea's second largest city in population terms. It occupies an area of 770.03 km^2, which corresponds to 0.8% of the national territory. Busan is an important socio-economic and political centre. It was temporarily the capital during the Korean War in 1950. When war refugees moved into Busan, the population increased dramatically from around 629 000 inhabitants in 1951 to approximately 889 000 a year later, resulting in unplanned urban development and the formation of poor quality residential areas (Busan Metropolitan City, 2015a).

Not only the historical legacy but also recent rapid demographic and economic changes call for a reconsideration of the land-use policies of Busan Metropolitan City, especially for taking advantage of an urban regeneration approach. First, the population in Busan has fallen consistently, and the ageing population is increasing rapidly. This means the pressure of urbanising land will be lower than previously, and a higher share of older people may increase the demand of city centres for better amenities. In summary, Busan faces different land-use dynamics from the demand side. Second, the slow growing economy requires Busan Metropolitan City to transform the land-use paradigm in order to supply more flexible and mixed land-use plots to meet the land-use needs of business entities. In other words, Busan needs to outline new land-use supply strategies. Given that national urban regeneration prioritises areas which suffer from depopulation, a decrease of business establishments, and increase of deteriorated housing, the case study of Busan is appropriate for taking a deeper look at land-use and urban regeneration issues.

Busan received metropolitan status in 1963, which is equal to a province. Busan Metropolitan City is composed of 15 autonomous districts and 1 gun (i.e. rural unit of government) as local level governments. These local level governments are sub-divided into 201 dong, 3 eup and 2 myeon.

Figure 1.7. Busan Metropolitan City in the context of Korea



Note: Blue-coloured regions are the metropolitan cities, including Seoul and Sejong.
Source: OECD (2018), Housing Dynamics in Korea: Building Inclusive and Smart Cities http://www.oecd.org/governance/housing-dynamics-in-korea-9789264298880-en.htm

An ageing and shrinking population is Busan's most pressing demographic challenge

Depopulation and an ageing population are the most influential factors on land use. They decrease demand for urban area development and mean large-scale and standardised land supply, such as for high-rise apartment complexes, is less valid. Also, older people tend to return to downtowns from suburban areas, since downtowns usually have better urban services such as medical and transport. Compact development and urban regeneration can be more appropriate than new development projects in peri-urban areas (Korea Planning Association, 2014).

The population in Busan has decreased consistently (Table 1.12), causing concern to the city government over the region's land use and economic growth. Having recorded its highest population of 3.89 million inhabitants in 1995, the population of Busan fell to 3.52 million in 2017. One of the main reasons is that people move out of Busan to pursue better living conditions and job opportunities. For example, in 2017, there was a migration inflow of 529 343 people into Busan from other regions and an outflow of 565 419 from Busan to other regions, resulting in a net loss of inhabitants.

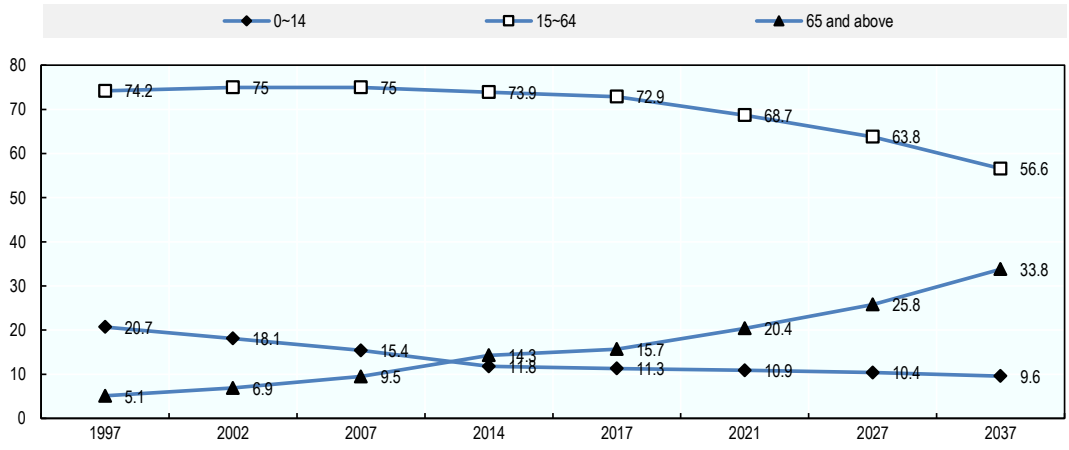
Table 1.12. Changes to household and population in Busan

	Household (thousand)	Population (thousand)	Persons per household	Growth rate (%)
2000	1 199	3 812	3.2	-0.5
2001	1 210	3 786	3.1	-0.7
2002	1 219	3 747	3.1	-1.0
2003	1 236	3 711	3.0	-1.0
2004	1 251	3 684	2.9	-0.7
2005	1 270	3 657	2.9	-0.7
2006	1 288	3 635	2.8	-0.6
2007	1 300	3 615	2.8	-0.6
2008	1 311	3 596	2.7	-0.5
2009	1 323	3 574	2.7	-0.6
2010	1 371	3 600	2.6	0.7
2011	1 381	3 586	2.6	-0.4
2012	1 389	3 573	2.6	-0.3
2013	1 404	3 563	2.5	-0.3
2014	1 421	3 557	2.5	-0.2
2015	1 437	3 559	2.5	0.1
2016	1 451	3 546	2.4	-0.4
2017	1 467	3 520	2.4	-0.7

Source: Korea Statistics Agency, http://stat.kosis.kr/statHtml_host/statHtml.do?orgId=202&tblId=DT_B1&dbUser=NSI_IN_202 (Accessed on 05 October 2018)

This trend reflects ongoing shifts in the Busan labour market. The population of Busan is showing ageing trends due to the combined effects of the rise of average life expectancy and outflows of the younger population towards other regions. The economically active population[5] decreased from 74.2% in 1993 to 72.9% in 2017, whereas the ageing population (65 years old and above) increased from 5.1% to 15.7% during the same period (the OECD average was 16.7% in 2017). At national level, the elderly population increased from 6.4% in 1993 to 13.8% in 2017. The National Statistics Agency expects that this trend will keep increasing, reporting that the ageing population will reach 33.8% by 2037 (Figure 1.8).

Figure 1.8. Prediction on ageing population in Busan (%)



Source:Author's elaboration based on http://kostat.go.kr/office/dnro/rodn_nw/2/1/index.board?bmode=read&aSeq=364458&pageNo=&rowNum=10&amSeq=&sTarget=&sTxt= (Accessed on 15 September 2018)

Busan's economic growth is slowing down

The gross regional domestic product[6] (GRDP) of Busan accounts for around 5% of the whole country (Table 1.13). The annual growth rate of GRDP in Busan is a bit lower than the national average, and the economic index means Busan's economy is slightly slower. In more detail, in 2017, the economically active population in Busan was 1.71 million. Activity rate was 58.8%, below the national average of 63.0%. The unemployment rate was higher than the national average; 4.6% in Busan and 3.7% in Korea.

Table 1.13. Gross Regional Domestic Product (GRDP)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Korea (trillion, KRW)	1 151.8	1 179.4	1 187.3	1 265.1	1 308.9	1 339	1 376.1	1 422.2	1 462.7	1 505.8
Growth rate (%)	5.5	2.4	0.7	6.6	3.5	2.3	2.8	3.3	2.8	2.9
Busan (trillion, KRW)	62.2	63.3	61	63.7	65	67	68.2	70.4	72.4	73.5
Growth rate (%)	5.4	1.7	-3.6	4.5	2.0	3.0	1.8	3.3	2.9	1.5
Share of Busan (%)	5.4	5.4	5.1	5.0	5.0	5.0	5.0	4.9	5.0	4.9

Note: This calculation is adjusted for inflation using 2010 prices.
Source: Korea Statistics Agency, http://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_1C61 (Accessed on 15 September 2018)

Each city needs to enhance competitiveness in the context of a slow economy. Fostering new industries in urban areas can be one option, and will expedite mixed land use by allowing commercial and industrial functions in residential or non-urban areas. In this context, mixed land use should be promoted and the previous leapfrogging developments and satellite bed towns are no longer valid (KRIHS 2016a).

Busan has a limited supply of developable land although demand has decreased

Busan has a complicated geography. The Nakdong river divides the city into two parts; a mountainous area to the east of the river, and a plain area to the west. The geography of the city imposes restrictions on land use as there are fewer developable areas. For example, more than half of Busan's total area is located at an altitude of 100 metres and above, and more than half has a steep incline of 10 degrees and above. As a result, Busan suffers from insufficient developable land supply. It has hill and mountain areas with steep inclines in its eastern part. In the west, which is less steep and therefore more developable, development restriction green zones are designated to preserve green open spaces. In total, the development restriction green zones cover around 270 km^2, which is about 28% of the total area of Busan (Busan Metropolitan City, 2017). Urban areas are already formed in developable and less steep areas in the rest of the western part. Analysis on developable areas revealed how much land Busan Metropolitan City can exploit for the future. Developable areas are calculated by excluding from the total territory: already developed areas, unavailable areas such as those with too steep an incline, and protected areas such as natural environment conservation areas. Only 5.8% of total land in Busan is developable (Table 1.14). Some development projects are already planned which further limits the developable areas (Busan Metropolitan City, 2017). The importance of urban regeneration and high-density development in urban centres may be inferred from the analysis.

Table 1.14. Analysis on developable areas in Busan

	Total	Already developed	Unavailable	Protected	Developable
Areas (Km^2)	769.86	357.4	205.94	161.76	44.74
Share (%)	100	46.4	26.8	21	5.8

Note: Harbour areas are excluded in this analysis.
Source: Busan Metropolitan City (2017), Busan Urban Master Plan

In terms of land category, in 2017, 44.9% of Busan's territory was forest, 12.5% farmland, and 17.7% used for urban purposes; 14.2% was covered by buildings and 3.5% by factories (MOLIT 2018a). In terms of land-use areas, in 2017, urban areas accounted for 94.7%. Excluding green areas in urban areas, 23.5% of total land was used for residential, commercial and industrial purpose (Table 1.15). Over the past 10 years, green areas have decreased by 6%, whereas residential (10%), commercial (16.6%), and industrial areas (37.4%) have increased. This could signal that Busan still has land use pressure for urban functions (Table 1.16). Similar to the national trend, however, if the time span is expanded, it shows that the pressure is less than it was previously. For example, urban areas increased by 0.7% between 1997 and 2007. However, over the past decade, urban areas have slightly decreased by 0.6%.

Table 1.15. Current land-use situation in Busan

Sub-division of land-use areas in Korea (2017)

Areas	Sub-areas	Size (Km²)	Ratio (%)
Total		994	100.0
Urban areas	Sub total	941	94.7
	Residential	144	14.5
	Commercial	25	2.5
	Industrial	65	6.5
	Green	546	55.0
	Not designated	161	16.2
Management areas		0	0.0
Agricultural areas		0	0.0
Natural environment conservation areas		53	5.3

Source: MOLIT (2018a), Land planning factsheet 2018

Table 1.16. Changes in urban areas by sub-division (2007-17, km²)

	Total	Residential	Commercial	Industrial	Green	Not designated
2007	946.38	130.92	21.64	46.94	581.05	165.84
	(100%)	(13.83%)	(2.29%)	(4.96%)	(61.40%)	(17.52%)
2017	940.82	143.98	25.23	64.51	546.22	160.87
	(100%)	(15.3%)	(2.68%)	(6.86%)	(58.06%)	(17.1%)
Growth rate (%)	-0.6	10.0	16.6	37.4	-6.0	-3.0

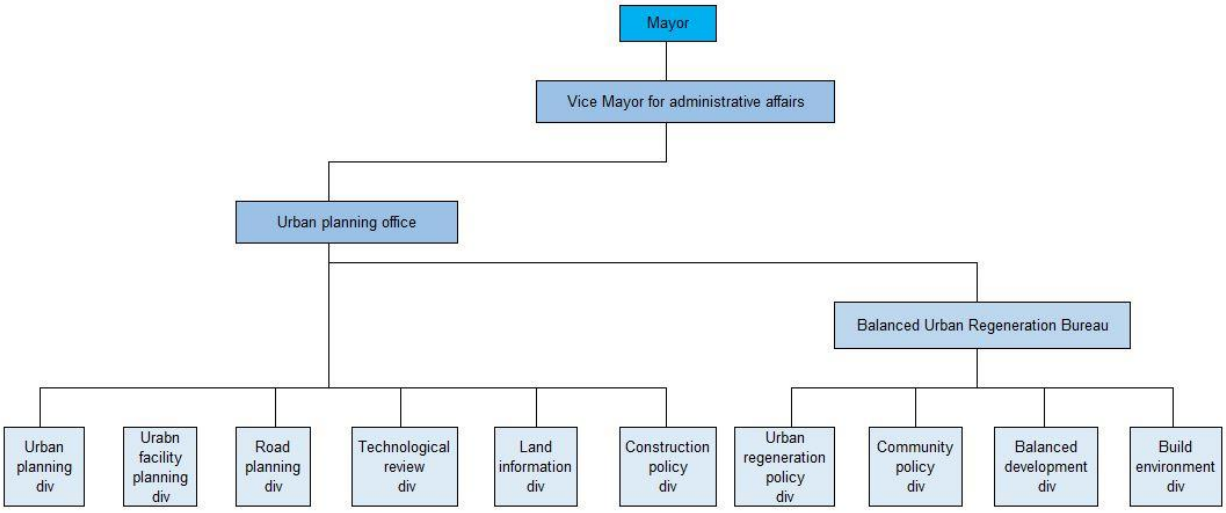
Source: OECD calculation based on MOLIT (2008), Land planning factsheet 2008 and MOLIT (2018a), Land planning factsheet 2018.

Inter-departmental co-ordination for land-use planning seems strong

The city government has dedicated organisations for land-use planning and urban regeneration

The headquarters of Busan Metropolitan City consists of 5 offices, 17 bureaus, and 90 divisions. Among them, the Urban Planning Office is mainly in charge of land-use policies (Figure 1.9). The office encompasses the Balanced Urban Regeneration Bureau, which is dedicated mainly to urban regeneration projects. There is a total of ten divisions which handle urban planning, urban facility management, land and road policies and co-ordinate urban regeneration programmes. The district (i.e. gu) governments also have their own land-use policy bureaus and divisions.

Figure 1.9. Land-use policy organisation in Busan



Source: Busan Metropolitan City homepage, http://english.busan.go.kr/index (Accessed on 18 November 2018)

Several sectoral departments take part in land-use planning

Planning in Busan seems to be organised in such a way as to overcome silos. Divisions outside of the Urban Planning Office are also involved in land-use practices. For example, an amendment to the Busan Urban Management Plan would contain schools and social welfare facilities, and the education and social welfare policy divisions would take part in the amendment. As Table 1.17 shows, the Urban Planning Manual of Busan indicates what divisions should participate in land-use planning and land use related decisions (Busan Metropolitan City, 2015b). The co-ordination of sectoral issues across the metropolitan area is complicated by the fact that sectoral policies, rules and regulations in areas such as housing, transport, water, agriculture, tourism and economic development span local, regional and national scales. As for other OECD cities, the call for a more integrated approach to spatial planning presents a major co-ordination challenge. Busan has the advantage that the metropolitan territory is not composed of several administrative territorial units of the same status, and borders of the local jurisdiction correspond to the urban form. Therefore, co-ordination for land use and management could focus more on following national directives.

Table 1.17. Involvement of other divisions in land use in Busan

Division	Task	Division	Task
Transportation policy	Effect on transport	Economy policy	Traditional market
Agricultural policy	Agricultural land conversion	Education policy	Education related facilities
Environment policy	Effect on environment	Social welfare policy	Welfare facilities
Industrial complex	Industrial complex	Culture policy	Cultural assets

Source: Busan Metropolitan City (2015b), Urban Planning Manual of Busan.

There is a comprehensive but complex planning framework for land use

Busan Metropolitan City has three land-use framework plans: the Metropolitan Urban Plan, the Busan Urban Master Plan, and the Busan Urban Management Plan. First, Busan, Yangsan and Gimhae, located in Gyeongnam Province, established the Busan Metropolitan Urban Plan in 2004 and renewed it in 2009. Target areas span 1 898.8 km^2 and the target population is 5.2 million. The plan states that Busan functions as the core area of the Busan Metropolitan Area and the two other cities are sub-core areas. The plan provides transport plans such as roads, railways and ports, infrastructure provision plans, and environment protection plans.

Second, the Busan Urban Master Plan 2030 was established in 2011 and renewed in 2017. The planning horizon is 20 years and target planning areas span 995.7 km^2. Like the Busan Metropolitan Urban Plan, it is a strategic plan. The difference is that this plan focuses on Busan, not the greater Busan area. The plan states that Busan pursues a globally competitive city and has core functions for maritime areas. As a framework of regional land use, it presents future urban structure and major roles by area. In addition, the plan provides sectoral plans: transport, logistics, ICT, water supply and sanitation, seaports and airports, and environment protection. The plan sets out the planning goals of each sector such as population, number of houses, and water supply ratio (Table 1.18).

Table 1.18. Key indicators in the Busan Urban Master Plan 2030

		Unit	~2015	~2020	~2025	~2030
Population	Population	Ten thousand people	3 750	3 900	4 000	4 100
GRDP	GRDP per capita	KRW ten thousand	21 325	23 428	25 566	27 595
Housing	Number of housing units	Number of housing units	1 460 270	1 564 260	1 631 640	1 660 440
	Housing supply ratio	%	110.9	113.9	116.9	120
Water and sanitation	Water supply	%	100	100	100	100
	Sanitation	%	99.1	99.2	99.2	100
Education	Elementary school	Number of schools	296	298	300	303
	Junior high school	Number of schools	176	181	186	191
	High school	Number of schools	144	148	151	154
Medical service	Clinic	Number of clinics	4 750	4 965	5 294	5 644
	Doctor	Hundred people	98	98	101	107

Source: Busan Metropolitan City (2017), Busan Urban Master Plan.

Third, the Busan Urban Management Plan 2020 is the implementation plan. It was renewed in 2013. The plan contains actual zoning for each plot of land, restriction on uses such as height limitation, and the current state of urban planning facilities. Since it handles detailed land use, it has a direct influence on citizens' property rights. For example, when the plan was renewed in 2013, the main changes were to land-use areas, in particular, it increased general residential areas by 0.72 km^2, commercial areas by 0.32km^2 and industrial areas by 0.72 km^2, resulting in changes in land prices.

In addition to the framework land-use plans, the city has many District Unit Plans. Busan Metropolitan City has the greatest number of District Unit Plans of all metropolitan cities in Korea (Table 1.19). The city has 573 districts for District Unit Plans in total. The target areas span 109 km^2 (MOLIT, 2018b). Considering that this corresponds to around 15% of the total area of Busan, and around half of the total residential, commercial and industrial areas in Busan, the areas regulated by District Unit Plans are relatively larger than in the other metropolitan cities (BDI, 2012).

Table 1.19. District Unit Plans by region (2017)

City	Total	Seoul	Incheon	Busan	Daegu	Gwangju	Daejeon	Ulsan	Sejong
Number of districts	9 334	314	259	573	394	377	344	220	46
Total size of districts (km²)	2 425	93	169	109	65	49	49	46	10
Province	Gyunggi	Gangwon	Chungbuk	Chungnam	Jeonbuk	Jeonnam	Gyeongbuk	Gyeongnam	Jeju
Number of districts	2 012	534	616	798	445	598	745	939	120
Total size of districts (km²)	612	194	123	194	90	180	150	225	66

Source: MOLIT (2018b), Manual for Urban Policy 2018.

The land-use policy focus is shifting from urban expansion to urban regeneration

Historically, land-use policies in Busan have been aligned with economic development. During the 1960s and 1970s, Busan's population grew rapidly, and uncoordinated urban sprawls were rampant. Land-use policies were oriented towards expanding urban areas to accommodate residents and supply housing. In the 1980s and 1990s, as the growth rate of the population decreased, policies put more weight on balanced development. In addition, especially in the 1990s, as Busan's economy started to slow down, the direction of land-use policy changed from expanding urban areas to improving quality of life. In the 2000s, pursuing sustainable development, the city focused on revitalising old downtowns through urban regeneration.

Urban regeneration is appropriate to Busan. Like other metropolitan cities in Korea, areas of Busan's city centre are in decline, particularly areas such as Jung-gu that has played a role as a central business district since the 1970s. Since the 1980s, however, new business districts have emerged around the central areas and the old downtowns are losing their commercial attractiveness, resulting in the decline of traditional central business districts. In addition, the population of Busan is shrinking, as mentioned above. Shrinking regions should reduce their land consumption sustainably. Restricting unnecessary urban expansion while revitalising declined old downtowns through urban regeneration projects would help to achieve Busan's land-use policy goals, such as the paradigm shift from urban expansion to urban regeneration (see Box 1.7, Box 1.8, and Chapter 2).

Box 1.7. Paradigm shift: redevelopment to regeneration in Korea

Since the early 2000's, the basis of the urban improvement scheme has begun to shift from redevelopment/rehabilitation, which was more focused on physical improvement, to urban regeneration, which places more emphasis on comprehensive socio-economic and environmental improvement. Current urban regeneration has the potential to ease issues from previous reconstruction and redevelopment projects, and to improve the urban built environment in more locally customised ways.

History of urban improvement in Korea

Urban improvement projects started in the 1960s with the Urban Planning Act. The Act allowed urban planning to handle urban improvements. In the 1960s, urban redevelopment focused on improving substandard housing and the built environment in residential areas. In the 1970s, the Urban Redevelopment Act was enacted and provided a legal basis for

urban redevelopment projects. In the 1980s, the Temporary Measures for Residential Improvement for Low-Income Citizens was legislated to implement the improvement of residential areas for low-income families. In the 2000s, the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents Act was enacted to combine redevelopment, reconstruction and residential environment improvement projects. The Special Act on the Promotion of Urban Renewal was established in 2005 to promote large-scale urban rehabilitation projects. Finally, the Special Act on the Promotion of and Support for Urban Regeneration was enacted in 2013 for urban regeneration projects nationwide.

Types of urban improvement projects

Before adopting the urban regeneration scheme as an urban improvement tool, five types of urban improvement projects were used. These five types are based on two acts: the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents Act, and the Special Act on the Promotion of Urban Renewal. Mostly, these projects are implemented by the private sector, for example the housing reconstruction association which mainly consists of homeowners.

- Reconstruction: Substandard houses are re-built in areas where the built environment is in good state.
- Redevelopment: When substandard houses are densely located and the built environment is also inadequate, both housing and the built environment are improved.
- Residential area improvement: When substandard houses are densely located and the built environment is inadequate, the built environment is improved by providing new parks, roads, carparks etc. and housing condition is also improved.
- Urban area improvement: Focuses on improving commercial and industrial areas.
- Urban renewal: A "new town" project. Combining some redevelopment projects, it allows larger-scale urban improvement projects.

Issues of previous urban improvement projects

These urban improvement projects have had positive effects by upgrading housing condition and by providing urban infrastructure to enhance the built environment in urban areas. However, they have also had some side effects. First, they focus on housing provision and the physical improvement. Second, they are driven by the private sector. The principal participants want to maximise the benefits from projects which has resulted in a concentration of urban improvement projects in the Seoul metropolitan area. Third, communities are weakened. Residents who previously lived in project areas could not return due to the increase in housing prices. Urban regeneration is regarded as a solution for these issues (see Chapter 2).

Source: Song (2010), "The Study on Analyzing the Problems of Urban Improvement Projects and Improving the System for Urban Regeneration", and Kim, Ryu, Cha & Jung (2013), "Korea's Urban Regeneration Project on the Improvement of Urban Micro Climate: A Focal Study on the Case of Changwon City".

The subnational fiscal system is relatively weak

There is room to introduce broader fiscal instruments in the city

The fiscal tools of local governments have the potential to shape land-use patterns by creating financial incentives or disincentives. For example, governments may provide a special levy to maintain agricultural land, establish tax exemptions to stimulate investment in brownfields, or create various disincentives to reduce the volume of traffic, encouraging compact development (OECD, 2016).

The fiscal instruments adopted nationwide are also used in Busan; development impact fee, property tax, capital gains tax etc. Furthermore, tax reduction benefit is also available to promote public transport in Busan. Still, there is room to introduce broader fiscal instruments in the city. For example, some disincentives against vehicles are helpful to achieve spatial objectives such as revitalising old downtowns. In fact, the number of registered vehicles and modal share of vehicles has increased in Busan. More importantly, inter-city driving, i.e. driving into or out of Busan, has also started to increase again (Table 1.20). This is not aligned with compact development and transit-oriented development (TOD) which are the key spatial strategies presented in the Busan Metropolitan Urban Master Plan 2030.

Table 1.20. Key indicators of vehicles in Busan

Year	2013	2014	2015	2016	2017
Registered vehicles (ten thousand)	93.1	96.2	100.3	104.4	108.5
Modal share rate of vehicles (%)	31.6	32.1	32.7	33.3	33.8
Inter-city driving (ten thousand)	44.0	43.3	42.5	44.6	45.1

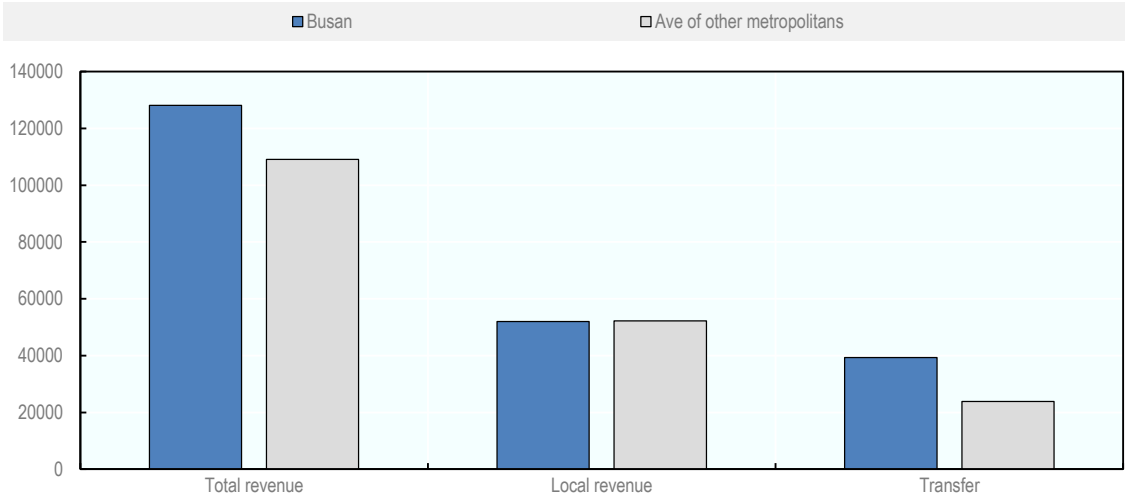
Source: Busan Daily, http://news20.busan.com/controller/newsController.jsp?newsId=20180502000389; and Busan Metropolitan City Homepage, http://www.busan.go.kr/traffic/trafficcensus0103 (Accessed on 07 September 2018).

Local finance and tax scheme create less pressure for expansionary land-use policies in Busan

Busan Metropolitan Government may have less pressure incentives to pursue expansionary land-use policies such as developing new residential towns at the local level. In 2017, Busan's total revenue was KRW 12.8 trillion. By source, local revenue (local tax, non-tax revenue) was KRW 5.19 trillion (40% of total revenue), national transfer (grants, subsidies, and local shared tax) was KRW 3.92 trillion (31% of total revenue), and local bonds and others were KRW 3.69 trillion (29% of total revenue).

Although Busan's level of local revenue is similar to other metropolitan cities, compared to the average of these cities, Busan's share of the national transfer is around 1.6 times higher (Figure 1.10). The national transfer accounts for around 31% of Busan's total revenue, whereas the average share of the other metropolitan cities is 22%. This is reflected in the financial independence ratio. The ratio of Busan is quite low, given that it ranks fifth of eight metropolitan cities including Seoul and Sejong (Table 1.21).

Figure 1.10. Comparison of revenue by source (KRW hundred million, 2017)



Note: Other metropolitans consist of Seoul, Busan, Daegu, Incheon, Gwangju, Deajeon, Ulsan, and Sejong.
Source: Busan Metropolitan City Homepage, https://www.busan.go.kr/ghclos201801 (Accessed on 07 September 2018).

Table 1.21. Financial independence ratio by region (2018, %)

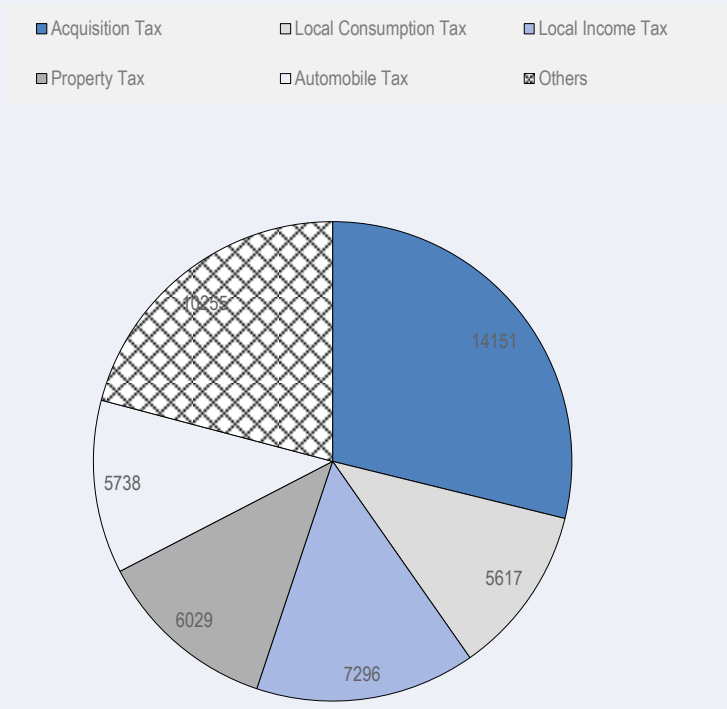
Region	Average	Seoul	Busan	Daegu	Incheon	Gwangju	Daejeon	Ulsan	Sejong
Ratio	53.4	84.3	58.7	54.2	67	49	54.4	66	69.2
Region	Gyeonggi	Gangwon	Chungbuk	Chungnam	Jeonbuk	Jeonnam	Gyeongbuk	Gyeongnam	Jeju
Ratio	69.9	28.7	37.4	38.9	27.9	26.4	33.3	44.7	42.5

Note: The ratio is calculated as (local taxes + non-tax income) / total local budget in given fiscal year.
Source: MOIS (2018b), Statistical Yearbook.

Box 1.8. Busan local tax revenues by source

With regard to tax, most general taxes such as income tax and value added tax are allocated to the national government in Korea. Local governments principally rely on acquisition tax and property taxes (OECD, 2004). Busan Metropolitan City levies 13 taxes, but five of them – Acquisition Tax, Local Income Tax, Property Tax, Local Consumption Tax, and Automobile Tax – account for 78.5% of total local tax revenue.

Figure 1.11. Busan local tax revenues by source, 2018 (KRW 100 million)



Source: MOIS (2018b), Statistical Yearbook

Opportunities to strengthen the land-use planning system

The preceding sections have described the legislative, regulatory and fiscal environment that shapes land-use planning in Korea and Busan. Over a couple of decades, Korea's system of spatial planning has evolved considerably. The country has introduced new legal frameworks to manage both urban and rural areas under the same land-use principles. In addition, new fiscal instruments, such as the Conjoint Regeneration Programme, were adopted. Furthermore, some legal rights, such as approval, were transferred from the national government to regional/local governments. These are all positive developments, however, there is still room to improve land-use practice in Korea and Busan.

More flexibility and devolution are needed in the zoning regulations

The zoning regulations need to be more flexible and regional/local governments need to have greater authority for zoning to take advantage of more customised land use. Historically, the zoning system was introduced in 1934, and the current zoning scheme was created in 1962 with the establishment the Urban Planning Act. Since then, the socio-economic environment has changed, and the changes are different across regions. However, zoning regulations are the uniform standard, therefore, they are applied to the whole national territory without considering the different context of each region. If the zoning regulations were more flexible, regional and local governments could implement more customised land-use regulation according to their own context. An alternative, for example, could be to combine specific classifications of sub-areas in the urban area (Table 1.9) to allow local governments to have broader ranges of land to building ratios and floor area ratios (Korea Planning Association, 2014). Furthermore, each regional and local government does not have the same need for flexibility. In this sense, regional and local governments need to have increased power for zoning. For example, a local government may wish to allow accommodations businesses in residential land-use areas, if the city or county has the traditional Korean houses in its jurisdiction, and the houses can be good accommodations for tourists. Current regulations do not allow the accommodations businesses in residential land-use areas in order to keep the residential environment favourable. If the national government deregulates this nationwide, it may worsen residential conditions in other regions where they do not want to allow businesses in residential areas because they do not have traditional Korean houses within their jurisdictions. Therefore, regional and local governments need to have more authority, and the national government should regulate land-use area classification, permitted uses and density only at the minimum level (KRIHS, 2016a).

All OECD countries use map-based boundary plans that classify areas into land-use zones. Although the zoning regulation is credited with protecting residential areas from developments that are negative to quality of life, it also has downsides such as inefficient use of land. Therefore, some OECD countries pursue a flexible approach to avoid the shortcomings of zoning regulation. For example, the Netherlands chooses flexibility with the new legal framework, at the same time, the new scheme allows local governments more discretion. In Amsterdam, it is anticipated that the Environmental Act will make it easier to transform plots to new uses (Box 1.10). More specifically, by 2019, environmental plans will replace the structural visions at each level of government. A major change at the local level is the adoption of one plan for the entire territory that will incorporate all applicable zoning regulations and pertinent administrative laws. All existing zoning plans will be transferred to the environmental plan and local governments will have a period of ten years to transform them (OECD, 2017c).

Box 1.9. Towards a more flexible and responsive spatial planning system in the Netherlands: the new Dutch Environmental and Planning Act

Are spatial polices and land-use plans responsive enough to changing conditions and concerns? Do they hamper economic development by being too stringent, imposing onerous regulatory burdens on projects? These questions have long been a source of debate in the Netherlands. The 2010 Crisis and Recovery Act was adopted in order to speed up the planning process by reducing or simplifying some of the permit requirements. At the same time, there were emerging discussions about how the spatial planning system could be further simplified and how it might better address some of the growing tensions between economic and environmental agendas that are embedded in sectoral policy responses. The impetus for reform also arose from the observation that existing environmental legislation tended to focus on protecting the local environment and residents from noise and pollution as opposed to enabling the transition to sustainable development and was further anchored in the need for place-based policies given that the different regions of the Netherlands are experiencing quite divergent trends, such as population growth in central urban regions and decline in more peripheral rural ones.

In response to these issues, in 2016 the Netherlands adopted the Environment and Planning Act, which combines a lot of legislation into a new encompassing framework. The Act merges 26 separate acts into 1; merges 120 Orders of the Council into 4; and simplifies over 100 ministerial regulations in order to create greater coherency among them. By 2019, environmental plans will replace structure plans/visions at each level of government. A major change at the local level is the adoption of one plan for the entire territory that will encapsulate all applicable zoning regulations and pertinent administrative laws. With the new legislative framework, the Netherlands chooses flexibility over certainty. In Amsterdam, it is anticipated that the new legislative and regulatory framework will make it easier to build houses and open the possibility to transform plots to new uses and foster innovation and experimentation. It is intended that the new legislation does not reduce the level of environmental protection or due diligence for new projects. The city has already adapted to some of these changes through the recent Crisis and Recovery Act. But the new Environmental Act goes much further.

Much is unclear about how the mechanics of the new legislation will operate. In part this is purposeful. The system aims to increase discretion at the local level while determining national and provincial standards and protecting the key interests at those scales where it is deemed necessary. There will be many areas where local governments and water boards, together with provinces and the national government, will need to work together on joint projects – as they have always done – but with fewer regulations guiding practice and a greater latitude for decision making in some instances. There will be a far greater reliance on collaborative planning than in the past. This entails a more active role for citizens in planning processes and a closer relationship between initiators/developers, authorities and citizens. The public engagement function will be critical in order to make sure the new system works effectively. With less formalistic rules, there may be less recourse to legal procedure, but more onus put on building consensus and mediating conflict in advance. At the same time, the planning process could easily become increasingly beholden to more powerful groups that are better placed in terms of time, energy and resources to achieve their agendas.

There is inherent risk within a more flexible approach. In more rigid, formal and legalistic systems, the interactions between the various actors are often highly constrained, which has the benefit of certainty. Under the new system emerging in the Netherlands, how these relationships play out will in large measure depend on the project at hand, but will need to balance inclusiveness, timeliness and flexibility across inherent power asymmetries of the actors involved. Within this, municipalities will need to play the role of fair broker and be extremely transparent about how regulatory requirements are being met and how and when stakeholders are included in decision making. Further, under such a system, fiscal incentives could come to play a bigger role in directing and shaping actor behaviour.

Source: OECD (2017c), The Governance of Land Use in the Netherlands: The Case of Amsterdam

Mixed land use should be promoted

Korea's zoning system has been deregulated, implicitly encouraging and permitting partial mixed land use. For instance, the current zoning system allows commercial use buildings in residential areas. However, the current zoning regulations and planning system do not go far enough to encourage mixed land use (OECD, 2014). A shrinking population, slow economy, and life style changes require more small-sized customised development. In this sense, mixed land use will be essential in urban areas to accommodate a variety of functions and Korea has already started to deregulate for mixed land use (KRIHS 2016a). For instance, the Minimum Regulation Zone, introduced in 2015, literally allows mixed land use by minimising land-use regulations; local governments can create a customised zoning scheme within the zone, regardless of existing zoning regulations based on the Urban Management Plan. However, this has not yet been widely used because an area must meet strict criteria to be designated as a Minimum Regulation Zone. By allowing mixed land use and innovation from the private sector, the zone can enhance the city's competitiveness as well as the quality of life of residents, therefore more deregulations are needed to activate this zone (Kwon & Park, 2017).

Incentive zoning could be used to promote mixed land use. For example, the city of New York has special mixed-use districts and each district provides zoning incentives, such as a FAR bonus for developers who provide the specific urban qualities the commission is seeking to promote in that area. These special zoning districts and incentive tools have contributed to diversity of land use and to the vitality of the city. In Korea, density bonuses and incentives are usually provided to create public open space and joint developments rather than to create mixed land use (OECD, 2014). Korea could consider using density bonuses to promote mixed land use.

Another good example of a policy tool for mixed land use is form-based zoning. California, USA adopted form-based zoning to promote mixed land use, allowing commercial and office functions in residential areas (Box 1.11). Unlike the traditional zoning regulation, form-based zoning uses physical form. In particular, form-based zoning codes regulate not the type of land use, but the form that land use may take; therefore, it uses broader categories such as "urban core", "urban centre", and "suburban edge", rather than "residential" and "commercial". The nature of form-based zoning offers more flexibility in land use than the traditional codes, encouraging mixed land use and creating characterful places (OECD, 2014).

Box 1.10. Form-based zoning

Form-based zoning or form-based codes emerged in the 1980s as a way to revitalise and promote walkable, mixed-use, sustainable communities and to counter urban sprawl (Parolek et al. 2008; Talen, 2013). Form-based zoning is one of the new approaches to assigning the suitable physical forms necessary when taking the regional context and conditions into consideration. Form-based zoning has many differences compared to conventional zoning regulations, as shown in the following table.

Table 1.22. Conventional zoning codes and form-based zoning codes

Conventional zoning codes	Form-based zoning codes
Auto-oriented, segregated land-use planning	Mixed-use, walkable, compact development-oriented
Organised around single-use zones	Based on spatial organising that reinforces an urban hierarchy, such as the rural-to-urban transect
Use is primary	Physical form and character are primary
Reactive to individual development proposals	Pro-active community visioning
Proscriptive regulations, regulating what is not permitted, as well as unpredictable numeric parameters, like density and floor area ratio	Proscriptive regulations, describing what is required, such as build-to lines and combined minimum and maximum building heights
Regulates to create buildings	Regulates to create places

Source: OECD (2014), Compact City Policies: Korea: Towards Sustainable and Inclusive Growth

Form-based zoning uses physical form, rather than separation of land uses, as its organising principle (Talen, 2013). In other words, form-based zoning codes regulate not the type of land use, but the form that land use may take. This "avoids labelling areas as 'residential', 'commercial' and so on, using instead the broader categories 'urban core', 'urban centre', 'general urban', 'suburban edge' and so on. It focuses on regulating the shape and style of buildings and their relationship to the street" (Duany and Talen, 2002; Parolek et al., 2008; Hirt, 2012). The nature of form-based zoning offers more flexibility in land use than the traditional codes, encouraging mixed land use and creating characterful places. Form-based zoning includes types and styles of building, public space design and the linkages between urban spaces. Of course, they are also partially included in conventional zoning and other innovative zoning regulations. However, the most significant feature of form-based zoning is its goal-oriented characteristic. Form-based zoning is established based on the specific policy goals and images of cities as well as the general urban context. In other words, it is an approach to assign development forms suited to achieving specific goals of urban planning, such as compact and mixed-use environments, walkable neighbourhoods and sustainability. In addition, form-based zoning fosters "predictable results in the built environment and a high-quality public realm" (Talen, 2013) and can be a good methodology to achieve compact city and mixed land-use goals. As mentioned above, form-based zoning is a unified development codes template for urban planning and urban and architectural design. This consistent approach avoids the possibility that some intended policy goals, such as mixed land use, may be blocked by conflicting layers of regulatory systems.

Source: OECD (2014), Compact City Policies: Korea: Towards Sustainable and Inclusive Growth.

Broader fiscal instruments could be employed to meet spatial objectives

Korea and Busan currently use some fiscal instruments to shape spatial outcomes. For example, the floor area ratio (FAR) trading scheme in the Conjoint Regeneration Programme (CRP) could be said to be aligned with spatial outcomes since it allows more density in urban centres, at the same time, it can keep places where preservation is required. However, other elements of fiscal instruments could be used further. There are many other fiscal instruments that could be drawn on to complement spatial policy objectives (Table 1.23, Annex A). The instruments that are presently being used in Korea and Busan are bolded in the table. Given that Korea, particularly Busan Metropolitan City, needs to promote more compact development, some fiscal instruments such as brownfield redevelopment incentives and transfer of development rights could be considered.

Table 1.23. Development management fiscal instruments

Targeted fiscal instruments	Overarching fiscal instruments
Brownfield redevelopment incentives	**Development impact fees**
Historic rehabilitation tax credits	**Betterment levies**
Transfer of development rights	**Dedications**
Use-value tax assessment	Tap fees
Split-property tax	Linkage fees
Capital gains tax	**Property tax**
Special economic zones	Special assessment tax
	Land value tax

Note: Instruments that are presently being used in Korea are bolded. It should be noted that development impact fees and betterment levies currently have limited usage.
Source: OECD (2016), Governance of Land Use in Poland: The Case of Łódź.

Brownfield redevelopment initiatives can create a powerful incentive for private developers to take on projects in areas that could be more expensive to develop due to the presence of existing structures, higher land costs and complex ownership rights. According to Alberini et al. (2005), incentives for brownfield redevelopments, such as subsidies or tax rebates, can provide an important inducement to develop brownfield sites. Such financial incentives can be set at national, regional or local levels. For example, New York City offers grants to property owners and developers to clean up and redevelop brownfields (Silva and Acheampong, 2015). If Korea and Busan employ such incentives, they could encourage more density in urban centres and, in turn, preserve greenfield.

Transfer of development rights (TDR) is a market-based incentive programme whereby landowners forfeit development rights in areas targeted for preservation and then sell the development rights to buyers who want to increase the density of development in areas designated as growth areas by local authorities. It is a useful tool that can be used to steer development away from undesirable areas, such as areas that are poorly linked to infrastructure and transport and that lack services, and towards areas where these features exist (Nelson, Pruetz and Woodruff, 2013). While prevalent in the United States, TDR also exists in other OECD countries, such as France, Italy, and New Zealand (Silva and Acheampong, 2015). Although the floor area ratio (FAR) trading scheme has already been adopted in Korea, TDR is a broader instrument, since it allows not only FAR but also development rights to be traded. Therefore, TDR could be a policy option to promote compact development and urban infilling which requires higher density.

Transportation has a direct impact on how land is used. Busan Metropolitan City needs to consider a congestion charge. The city has already used some transport related instruments;

public parking fees have steadily increased, and free public authority car parks have been changed into paid car parks. However, traffic congestion is still a serious policy issue and may also have a negative effect on containing urban sprawl. Busan has not yet introduced a congestion fee; it has been discussed but has not reached a consensus. Seoul Metropolitan City in Korea has collected a congestion charge in certain areas, such as the Namsan tunnel, since 1996. In addition, London and Stockholm have attracted the most attention internationally for their congestion charging schemes which started in 2003 and 2006 respectively. These types of charges can be structured in a number of different ways. Ideally congestion charges will be structured in such a way as to encourage drivers to consider the marginal social costs of their decisions to drive as opposed to marginal private costs (OECD, 2017c).

Greater co-ordination between land-use plans is required

Although the Urban Master Plan, based on the National Land Planning and Utilisation Act, is the higher-level land-use plan, and other individual plans are generally required to correspond to the Urban Master Plan accordingly, some individual plans such as housing district development plans would have a more direct influence on land use. Alternatively, Korean authorities may need to request that the Urban Planning Committee review the land-use plans based on individual laws in order to increase consistency among land-use plans (Korea Planning Association, 2014).

Urban regeneration plays a central role in land-use planning in Korea and has its own planning scheme. For example, the Special Act on the Promotion of and Support for Urban Regeneration stipulates that regional governments should establish the Urban Regeneration Strategic Plan, and local governments should establish the Urban Regeneration Master Plan. However, land-use planning should be aligned with not only the Urban Master Plan but also other land-use plans such as the Urban Areas and Residential Areas Environment Improvement Plan. This will be discussed further in Chapter 2.

Monitoring and evaluation of land use should be improved

The lack of monitoring and evaluation makes it difficult to identify which policies work well at the local level and which do not. Furthermore, the aggregate effects of the land-use regulations on regions or the country are hard to estimate because no systematic information exists about the characteristics of regulations at the local level. According to KRIHS (2016a), it has not yet been examined whether the sub-divisions of land-use areas and their permitted uses are suitable for accomplishing land-use policy goals. Since the land-use areas shape the foundation of land-use control in Korea, they need to be evaluated regularly and revised if they are not appropriate (Korea Planning Association, 2014).

Busan Metropolitan City's spatial strategy would benefit from the development of key indicators that can be monitored to assess whether spatial objectives are achieved. This may include indicators on changing land use, new investments and environmental protection (OECD, 2016). Considering Busan needs to promote more compact development, the core compact city indicators (Table 1.24) can be a good reference. The indicators allow the city government to measure the compactness of Busan, and also reveal the impact of the compactness on economic viability, affordability, and environment sustainability (OECD, 2012b).

Table 1.24. Core compact city indicators

Category		Indicator	Description
Indicators related to compactness	Dense and proximate development patterns	Population and urban land growth	Annual growth rate of population and urban land within a metropolitan area
		Population density and urban land	Population over the surface of urban land within a metropolitan area
		Retrofitting of existing urban land	Share of development that occurs on existing urban land rather than on greenfield land
		Intensive use of buildings	Vacancy rates of housing and offices
		Housing form	Share of multi-family houses in total housing units
		Trip distance	Average trip distance for commuting/all trips
		Urban land cover	Share of urban land in a metropolitan area
	Urban areas linked by public transport systems	Trips using public transport	Share of trips using public transport (for commuting/all trips) in total trips
		Proximity to public transport	Share of population (and/or employment) within walking distance (e.g. 500 metres) of public transport stations in total population
	Accessibility to local services and jobs	Matching jobs and homes	Balance between jobs and homes at the neighbourhood scale
		Matching public services and homes	Balance between local services and homes at the neighbourhood scale
		Proximity to local services	Share of population within walking distance (e.g. 500 metres) of local services
		Trips on foot and by bicycle	Share of trips on foot and by bicycle (for commuting/all trips) in total trips
Indicators related to the impact of compact city policies	Environmental	Public space and green areas	Share of population within walking distance (e.g. 500 metres) of green space accessible to the public
		Transport energy use	Transport energy consumption per capita
		Residential energy use	Residential energy consumption per capita
	Social	Affordability	Share of household expenditure on housing and transport in total housing expenditure
	Economic	Public services	Expenditure on maintaining urban infrastructure (roads, water facilities, etc.) per capita

Source: OECD (2016), Governance of Land Use in Poland: The Case of Łódź

Notes

[1] Categories of land divided by main use and registered on the cadastral (a comprehensive land recording) record.

[2] Only one area determined by an urban or gun management plan is assigned to a plot , in order to utilise the land economically and efficiently and to ensure improvement of public welfare by limiting land utilisation, land to building ratios, floor area ratios, heights of buildings, etc.

[3] Metropolitan governments can also formulate the Urban Master Plan.

[4] A unitary country is the opposite of a federal country where powers are not concentrated.

[5] Economically active population comprises all persons over 15 year old, either male or female, who furnish the supply of labour for the production of economic goods and services.

[6] Gross regional domestic product (GRDP) is a sub-national gross domestic product used to measure the size of a region's economy. It is the sum of gross value added in the region.

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Annex 1.A. Fiscal instruments to manage development

A wide range of policy instruments can be applied to control, regulate and stimulate desired development outcomes in OECD countries. Many fiscal instruments operate as taxes and exactions levied on developers to raise revenues and mitigate the negative impacts of development. Others are structured as incentives in the form of subsidies, tax credits, and development rights to encourage economic agents to take actions aimed at improving the conditions of the built environment and protecting the natural environment (Silva and Acheampong, 2015). A key point is that, in many cases, the statutory instruments of planning alone are unlikely to produce the desired outcomes. Fiscal instruments can provide a critical inducement to meet spatial planning objectives (OECD, 2017c).

Brownfield redevelopment incentives create an important inducement for private developers to take on projects in areas that can be more expensive to develop because of the presence of existing structures, the need for soil remediation, higher land costs and complex ownership rights. A study by Alberini et al. (2005) explored the impact of economic incentives for brownfield redevelopments versus liability relief or regulatory relief such as fast-track planning approval processes. Their study, which was based on a survey of real estate developers in Europe, found that economic incentives, such as subsidies or tax rebates, can provide an important inducement to develop brownfield sites, particularly for experienced developers in the case of contaminated sites. Echoing this, in a review of brownfield policies in select European countries, Thornton et al. (2007) find fiscal incentives, entailing either direct such as tax incentives or indirect such as structural policy, public credit programmes and pilot projects forms of funding, are important inducements for brownfield redevelopment – particularly in the cases of the most complex and contaminated types of sites.

Such financial incentives can be set at national, regional or local levels. For example, in the United States, a federal brownfield tax incentive was introduced in 1997 which entailed fully tax deductible environmental clean-up costs, including petroleum clean-up. This programme was ended in 2011. Meanwhile, examples from cities abound – for instance, New York City offers grants to property owners and developers to clean up and redevelop brownfields. Critically, these incentives do not extract value from urban development, but rather provide a subsidy to developers undertaking desirable behaviours that will presumably benefit the community as a whole by revitalising unused spaces. It bears noting that property and landowners in the immediate vicinity of such revitalised sites stand to financially benefit through higher property prices due to the presumed effects of neighbourhood revitalisation, which can be significant (De Sousa, Wu and Westphal, 2009). If brownfield redevelopment has strong positive effects on property prices in the neighbourhood, it is possible to finance redevelopment incentives through value capture instruments, such as betterment levies (Silva and Acheampong, 2015).

Historical rehabilitation tax credits are widely used across the OECD to encourage the perseveration of historic structures. They affect land use by maintaining historically established uses and densities. Like brownfield redevelopment incentives, they do not

generate income but rather provide a subsidy for private individuals to undertake desired rehabilitation projects. There is an ongoing debate in the literature regarding the equity of historic rehabilitation tax credits. While the residents or developers who privately benefit from these credits contribute to the maintenance of a community's cultural and architectural heritage, others maintain that such taxes lead to rent-seeking behaviour and the listing of unworthy projects as heritage sites (Swaim, 2003).

Transfer of development rights (TDR) emerged in the 1960s as a tool for historic preservation – but their use has since proliferated, particularly in the United States, to address a wide range of planning goals, including the promotion of affordable housing and the protection of environmental resources (Linkous, 2016). TDRs are a market-based incentive programme that are generally structured so that landowners forfeit development rights in areas targeted for preservation and then sell those development rights to buyers who want to increase the density of development in areas designated as growth areas by local authorities (Nelson, Pruetz and Woodruff, 2013). As such, they are a useful tool that can be used to steer development away from undesirable areas, such as areas that are poorly linked to infrastructure and transport and that lack services, and towards areas where these features exist. Similarly, they can be used to preserve natural open spaces, maintain historical and cultural assets, farmland and other local assets (Nelson, Pruetz and Woodruff, 2013).

Simply put, TDRs transfer development potential, such as the density, from an area that is to be preserved to an area where there will be clustered development. If this is done as a one to one transfer, the average density of an urban area will not change, but it will be redistributed such that some areas can be maintained as open natural space for example. In receiving areas – to which the density rights are being transferred – developers are generally permitted to exceed the baseline level of development determined by the zoning code, which would generally require community buy-in (Nelson, Pruetz and Woodruff, 2013). Therefore, TDR is often combined with density bonuses in order to create the incentives for developers to buy the development rights in the first place (Tavares, 2003). As far back as 1916, New York City's zoning code made provision for the transfer of development rights between properties. While increasingly prevalent in the United States, TDR programmes also exist in other OECD countries, such as France, Italy, New Zealand and Turkey (Silva and Acheampong, 2015). Silva and Acheampong (2015) note that legal issues and administrative complexity represent some of the key challenges confronting its application in other countries.

Use-value tax assessments are a specific type of targeted property taxes. They follow the same logic as TDRs – they provide an incentive to landowners to maintain and preserve land in its current state as opposed to selling it for new development. Typically, use-value assessments are structured for the preservation of farmland or forested lands. They can be a particularly important incentive in areas near urban locales that have strong pressures for expansionary growth leading to suburbanisation and peri-urbanisation. Use-value tax assessments tax agricultural or forested land use at a lower rate than other uses in order to reduce the incentives to develop (Anderson and Griffing, 2000). For example, in the Netherlands there is differentiated treatment for farmland with exemptions for property tax and the real estate transfer tax. In the United States, use-value assessments typically require that the owners of the land be actively engaged in farming and have rollback provisions to recover lost tax revenues if the land is developed (Heimlich, 2001).

Split-rate property tax is used to promote redevelopment of obsolete buildings and facilitate revitalisation in older downtowns by placing proportionally higher taxes on land

than on built structures. This makes it more expensive to hold on to vacant or underutilised centrally-located sites. Split-rate property tax is used in many OECD countries including France, Australia, the United States, Denmark and Finland (Silva and Acheampong, 2015).

Development impact fees have to be paid by landowners for the construction of infrastructure, which directly services their plots. They are often charged when land is initially developed but may also be due when infrastructure is upgraded or significantly rehabilitated. Impact fees cover additional costs arising from the arrival of new residents and are usually paid by real estate developers, who in exchange obtain the permission to develop. Development impact fees may focus narrowly on the costs of infrastructure provision in the immediate vicinity of developments but may also include costs for infrastructure at greater distances from a development. They are relatively common instruments that exist in OECD countries (Silva and Acheampong, 2015).

Development impact fees force developers to bear part of the cost of new construction. As development becomes more expensive, urban expansion slows down. Burge and Ihlanfeldt (2006) show that impact fees spur the development of smaller homes in inner suburban areas and of medium and large homes throughout all the suburban areas. The authors attribute the increased construction in inner suburban areas to new multi-family houses being built. This is supported by another study that finds evidence that impact fees reduce the spatial extent of US urbanised areas (Geshkov and De Salvo, 2012).

Betterment levies (sometimes called special assessments) are also charged to capture the increase in property values due to a public action, such as the rezoning of land or the provision of infrastructure. In contrast to impact fees, which are generally related to the provision of infrastructure that services a particular property, betterment levies are more broadly defined and can also capture the windfall gain that occurs from the rezoning of a plot or the provision of a public service to an area. Furthermore, they can be charged over larger areas to capture the increase in property values in an entire neighbourhood that benefits from a new public transport connection. Whereas impact fees are charged at the time development occurs, betterment levies can be charged at any point in time at which a public action causes an increase in property values (Silva and Acheampong, 2015).

Despite the conceptual differences between impact fees and betterment levies, in practice they may not be clearly distinguishable. In Germany, impact fees can, for example, be charged on entire neighbourhoods that benefitted from rehabilitation measures that are not necessarily related to particular plots. As such, these fees have characteristics that are in many respects similar to betterment levies (Silva and Acheampong, 2015).

Dedication is a kind of exaction. In particular, developers are required to donate land or public facilities for public use (Silva and Acheampong, 2015). The ***tap fee*** is another form of exaction charged on utility connections in most countries to allow cost-recovery in tying new development into existing infrastructure network (Brueckner, 1997; Ihlanfeldt and Shaughnessy, 2004). The ***linkage fee*** is used to collect money from large scale commercial, industrial, and multi-family developments to provide for affordable housing, job creation, and day care facilities. In the US, for example, linkage fees are primarily used by local governments in areas where the cost of housing is extremely high, such as California and Massachusetts (Evans-Cowley, 2006).

Property taxes are levied on the whole value of real estate (i.e. the combination of land, buildings and improvement to the site). ***Special assessment tax*** may be proportionately levied on homeowners and landowners for parcels of real estate which have been identified as having received a direct and unique "benefit" from public infrastructure projects. Such

charges may be levied against land when drinking water lines and sewers are installed or when streets and sidewalks are paved. A ***land value tax*** is levied on the unimproved value of land only. Levied as ***ad valorem tax on land***, it disregards the value of buildings, personal property and other improvements (Silva and Acheampong, 2015).

Chapter 2. Urban Regeneration and Land Use in Korea

This chapter looks at the major policy elements of land use planning and urban regeneration in Korea. It begins with an analysis of the institutional framework for urban regeneration emphasising the complexity of the dedicated legislative framework. The chapter then moves to analyse urban regeneration in Busan, as a case study. It highlights the need for adopting efficient land use and urban regeneration programmes to strengthen the city's economy. It argues that public assets and infrastructure may act as catalysts for urban regeneration. The discussion stresses that brownfields are important assets for urban regeneration and investment. The chapter then analyses how land-use plans and urban regeneration could be operationalised by focusing on density, zoning and floor area ratios. Finally, the chapter presents some policy recommendations to revamp urban regeneration strategies in Busan.

Land use and urban regeneration are inextricably linked as mechanisms to achieve sustainable urban development. Land use determines health, environmental, social and economic outcomes and its governance cuts across numerous policy areas. For it to be effective, sectoral issues must be co-ordinated across a territory, between institutional actors and between levels of government. However, land-use planning and policies cannot prevent urban decline, economic shocks and disinvestment; to be effective they must be designed and implemented alongside economic, social and environmental plans and polices. Urban regeneration is "a comprehensive and integrated vision and action which leads to the resolution of urban problems and which seeks to bring about a lasting improvement in the economic, physical, social and environmental condition of an area that has been subject to change" (Roberts, 2000[1]).

The institutional framework for urban regeneration

The evolution of urban regeneration in Korea

The Korean national government introduced comprehensive urban renewal programmes in the 1960s in response to the negative impacts of rapid urbanisation and industrialisation (OECD, 2018[2]). Since then, land use, spatial planning and regeneration aligned to pursue long-term economic growth and development (United Nations, 2016[3]). As in most OECD countries, this approach has not shielded Korean cities from economic shocks and urban decline but rather highlighted the need for integrated policy making and delivery. Like other OECD countries, Korea is now facing low growth, low birth rates and an ageing society. These challenges, together with decades of growth-oriented policies and housing-led renewal demand a different approach. In response, a critical shift in focus has emerged through the 2013 Special Act on the Promotion of and Support for Urban Regeneration which promotes a more integrated approach to respond to the more complex challenges of social inclusion, job creation and economic revitalisation.

The 2013 Special Act on the Promotion of and Support for Urban Regeneration marks a greater shift towards national and local governments working in partnership to create a more integrated framework for urban regeneration. The new framework comprises national guidance, strategic planning and implementation strategies focused on two thematic strands: economy and community. The system has been designed to allow for greater collaboration between levels of government and local stakeholders. National government assumes a supportive role to unlock local growth potential and to build local capacity. The Act set out a vision to make cities more competitive whilst promoting the well-being of citizens. As a result, urban planning laws were revised to encourage mixed-use development in inner city areas; funding for urban regeneration related programmes increased across government departments; regulatory reforms were implemented; and measures were taken to reinforce the competencies of cities to adopt Smart City technologies, mainstream social innovation and build community capacity (OECD, 2018[2]).

Based on the Act, national government supports local governments to create their own Urban Regeneration Strategic Plans through establishing the Basic Policy for National Urban Regeneration, a national urban regeneration strategy which aims to push forward urban regeneration in a comprehensive, planned, and efficient manner (Korean Government, 2016[4]). National government also plays a role in approving local governments' Urban Regeneration Strategic Plans and Urban Regeneration Master Plans through the Special Committee on Urban Regeneration and the Working Committee. To help local governments establish their own Urban Regeneration Master Plans and

implement urban regeneration projects, Urban Regeneration Assistance Organisations (URAO) were established in three public institutions: LH (Korea Land & Housing Corporation), KRIHS (Korea Research Institute for Human Settlements) and AURI (Architecture & Urban Research Institute) by the Ministry of Land, Infrastructure and Transport (MOLIT). These organisations support national and local governments through project management, consulting and training. In a similar way, local governments are required to establish Urban Regeneration Support Centres (URSC) to support the preparation of Urban Regeneration Strategic Plans, Urban Regeneration Master Plans, and relevant projects.

A dedicated legislative framework with a complex legislative environment

Urban regeneration is implemented through its own legislative framework of the Special Act on the Promotion of and Support for Urban Regeneration (2013), the Act on the Improvement of Urban Areas and Residential Environments (2002), and the Special Act on the Promotion of Urban Renewal (2005). However, urban regeneration operates within a complex policy context influenced by 40 other different legal frameworks (Lee, J. and Nam, 2016[5]). The basis for this is to ensure that policies align across government and that vertical and horizontal co-ordination are designed into the system. However, this complex approach can lead to inefficiencies and may require further reforms. For example, whilst the Special Act on the Promotion of and Support for Urban Regeneration allows local governments the flexibility to create tax incentives for urban regeneration, tax legislation has yet to be amended to make this possible (Lee, J. and Nam, 2016[5]).

Table 2.1. Examples of urban regeneration related laws

Item	Laws
Land use framework	Framework Act on the National Land, National Land Planning and Utilisation Act, Framework Act on the Regulation of Land Use etc.
Improving built environment in urban regeneration areas	Act on the Improvement of Urban Areas and Residential Environments, Special Act on the Promotion of Urban Renewal, Landscape Act, Housing Act, Building Act, Urban Traffic Improvement Promotion Act etc.
Exempting obligations for promoting urban regeneration projects	Restriction of Special Taxation Act, Restriction of Special Local Taxation Act, Local Tax Act, Restitution of Development Gains Act, Environmental Improvement Cost Liability Act etc.
Financing urban regeneration projects	Housing and Urban Fund Act, State Property Act, National Finance Act etc.

Source: Lee and Nam (2016), "Coherence study on Urban Regeneration in Korea", Journal of the Korean Urban Management Association .

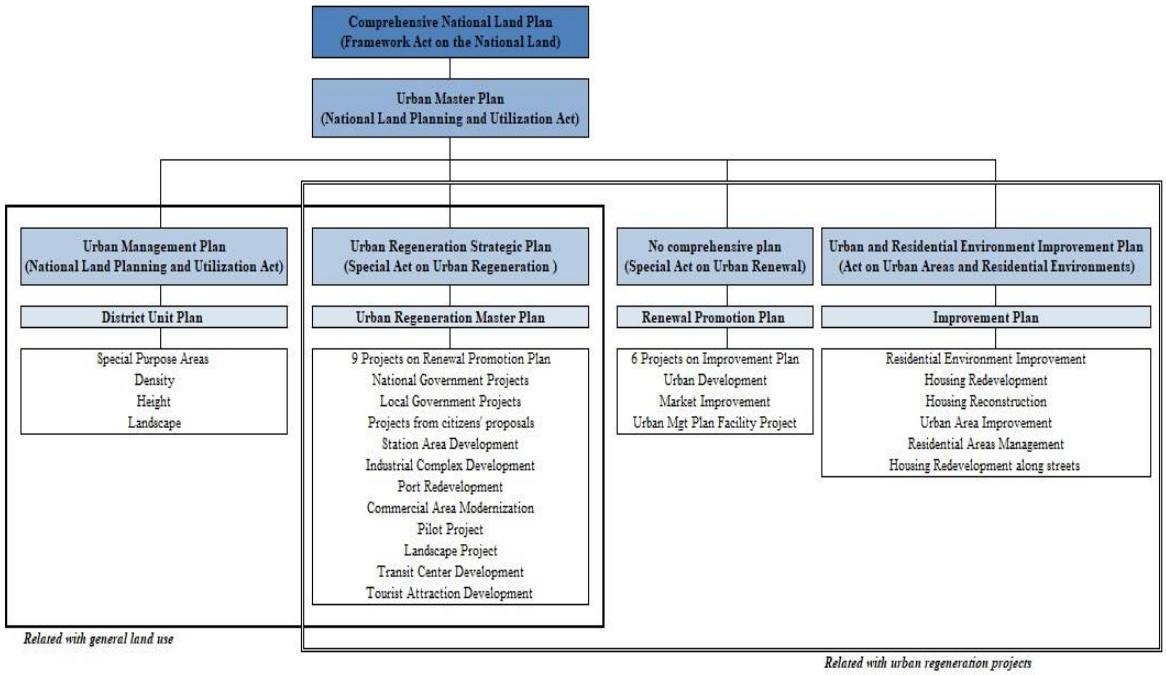
The election of President Moon in 2017 has led to an even greater emphasis on urban regeneration, strengthening the Act through a five-year Urban New Deal which will designate 500 projects supported by an investment of KRW 50 trillion (68 regions in 2017 and 99 regions in 2018). For the New Deal to meet its ambitious goal to achieve inclusive growth through sustainable urban development and urban regeneration regulatory coherence will be required.

Urban regeneration is a plan led system

The Special Act on Urban Regeneration stipulates that regional governments have responsibility for Urban Regeneration Strategic Plans, and that local governments are responsible for the Urban Regeneration Master Plans. The Strategic Plan focuses on socio-economic development, environmental protection and well-being, and spatial and non-

spatial factors relating to urban regeneration in a given jurisdiction. The Master Plan is established once the urban regeneration areas have been designated. Following designation, a rigorous process of evaluation, project implementation and annual performance assessment takes place, as well as a comprehensive evaluation of outcomes at the end of the project and evaluation of the roles of various stakeholders. Figure 2.1 shows the overall urban regeneration planning structure.

Figure 2.1. Structure of urban regeneration related plans



Source: KRIHS (2015), *A study on consolidated management method of planning process and procedure in legal urban regeneration projects.*

Korea implements a comprehensive approach to planning through statutory plans adopted at each administrative level of government (Silva and Acheampong, 2015[6]). The system places a strong emphasis on regional economic planning at the provincial, metropolitan and "capital region" levels as well as on "special development regions". However, Silva and Acheampong (2015[6]) observe that as in Greece, Japan and Sweden, the system in Korea is "extremely complex due to the large number of legislations and their interaction within and across administrative units at the national and sub-national levels".

The current system has both strengths and weaknesses. The hierarchical planning system in Korea sets out to achieve vertical co-ordination between plans largely because the Special Act on the Promotion of and Support for Urban Regeneration states that the urban regeneration strategic plans should be set up in accordance with the Comprehensive National Land Plan and the Urban Master Plan (Article 4, 12). However, some plans can be partially overlapped which can lead to administrative inefficiencies. For example, the Urban Master Plan and the Urban Regeneration Strategic Plan analyse socio-economic development, environmental protection and land-use suitability in a given region which can lead to a duplication of efforts and resources. In small and medium-sized cities, the Urban

Regeneration Strategic Plan and the Master Plan can also lead to duplication (KRHIS, 2015[7]).

Co-ordination is needed between levels of government and between plans

Multi-level co-ordination in Korea is a major challenge given the many plans (spatial and sectoral) that are formulated at different spatial scales, and a history of weak co-operative relationships between local governments who may see each other as competitors rather than as potential partners in development (OECD, 2012[8]). Innovations such as the Presidential Committee for Regional Development (PCRD) and the Special Committee for Urban Regeneration (2014) create an opportunity to align activities across national government and establish co-ordination mechanisms with other tiers of government. However, resourcing the committees with appropriate experts can prove challenging and certain projects require approval from both committees indicating that the system could become more efficient and effective if joint meetings or mergers were allowed (Park, 2014[8]).

Table 2.2. Degree of vertical co-ordination in spatial planning in OECD countries

Strong vertical and horizontal co-ordination	Mainly vertical co-ordination	Mainly horizontal co-ordination	Weak vertical and horizontal co-ordination
Australia	Austria	Greece	Chile
Canada	Belgium	Luxembourg	Czech Republic
Denmark	Hungary	Slovenia	Italy
Estonia	Iceland	Sweden	Korea
Finland	Israel	United Kingdom	Mexico
France	Japan	United States	Portugal
Germany	New Zealand		Spain
Ireland	Norway		Turkey
Netherlands	Switzerland		
Poland			
Slovak Republic			

Source: OECD (2015), Developing an Inventory and Typology of Land-Use Planning Systems and Policy Instruments in OECD Countries.

Urban Management Plans determine land–use and zoning whilst Urban Regeneration Strategic Plans designate urban regeneration areas. Zoning can only be changed through revisions to the Urban Management Plan when deemed necessary to implement urban regeneration projects proposed through the Urban Regeneration Master Plan. There is a lack of distinction between the Urban Regeneration Strategic Plan and Urban Areas and Residential Environment Improvement Plan. Although the former has broader planning scope, both plans concern old town revitalisation redevelopment projects which can create confusion and duplication (KRHIS, 2015[7]).

In most OECD countries, spatial planning and urban regeneration follow a “hierarchical” approach which provides “the basis for the integration of social, economic and environmental issues which are critical elements of urban regeneration into land-use allocation and activity distribution decisions at the various spatial scales” (Silva and Acheampong, 2015, p. 21[6]). In a hierarchical system, each tier of government has a defined role. In general, national governments assume strategic roles which shape policies, regulations and guidelines applicable to the whole country. Regional governments then set place-based framework conditions implemented and delivered through local plans and

processes. However, planning and urban regeneration processes are often used to meet other strategic goals that require dedicated plans and instruments leading to a crowded policy landscape and funding pressures (Silva and Acheampong, 2015[6]), (OECD, 2017[9])

Spatial development plans should value the qualities of a place

Evidence from across the OECD highlights that spatial development strategies must go beyond indicating where major material investments should be directed and what criteria should govern land use regulations (OECD, 2013[10]) (Silva and Acheampong, 2015[6]). In other words, they have to be more than merely an aggregation of considerations and policy principles collected together in a plan or document. This suggests that their key task is to identify the critical relations among many agents which are likely to shape the future economic, social, political and environmental qualities of a territory. Thus, spatial development strategies exert influence by framing ways of thinking about and valuing the qualities of a place and of translating plans into reality. This work in turn helps to mobilise the many actors inventing the futures of places by shaping their understanding and guiding their investments towards more sustainable outcomes. The key to successful strategic planning is to have a persuasive and mobilising capability by facilitating multi-level participation. Likewise, it sets up demands for new ways of integrating ideas beyond simple conceptions of urban morphology and the built environment.

Urban regeneration in Busan

Busan's economy depends on efficient land use and urban regeneration processes

Busan is Korea's largest port city and the fifth largest container port in the world (Busan Metropolitan Government, 2017[11]). Key economic sectors include shipbuilding and marine industries, machinery, steel, and tourism. Creative culture, bio-health and knowledge infrastructure services are also important sectors of the city's economy. Each of these sectors depends upon efficient land use and each has a direct correlation with urban regeneration in the city, as either the source of derelict sites or the beneficiary from regenerated sites. The economy of Busan is intrinsically linked to its approach to urban development and urban regeneration.

Urban regeneration has been a central feature of managing growth and development in Busan for the last decade. The city has sought to address complex regeneration challenges from large scale development projects related to the port, a former military base and industrial land to neighbourhood initiatives. Whilst national government is a critical partner for regeneration in Busan, the city has taken bold steps to create regeneration strategies and projects which build on its strong identity as a port city, an open and inclusive city and, in recent years, a creative city. Busan was one of the first cities in Korea to pursue "people-centred urban regeneration". In line with shifting national priorities articulated through the 2013 Special Act, Busan Metropolitan Government (BMG) adopted its Declaration on the Urban Regeneration of Busan, which outlines changes in its urban policy from "development" to "regeneration". To achieve sustainable urban development and people-centred urban regeneration, the Declaration commits to:

- Realise creative urban regeneration through co-operation with civil society based on the dynamism and passion of Busan's people
- Establish the identity of Busan as a maritime centre and foster its unique geographical and cultural characteristics.

In 2015, these priorities shaped a new city-wide Strategic Plan for urban regeneration which will serve as the long term master plan for the city (Busan Metropolitan Government, 2015[12]). The creative city focus of the plan enables BMG to build on local identity and assets, renew deprived neighbourhoods and create jobs whilst accelerating the development of strategic sites which serve the global economy. Busan's strategy-led approach has been critical to its urban regeneration efforts. OECD analysis highlights the critical role of urban regeneration strategies and plans to tackle complex problems, create cross-sectoral links, and build confidence (OECD, 2018[2]). Urban regeneration strategies enable cities to identify synergies across the development system, which, in turn, can be used to determine the phasing of interventions and thus optimise outcomes (OECD, 2018[2]). Moreover, they enable communities to consider how to use assets and opportunities fully to embrace change.

Lessons from across OECD countries suggest that continued efforts would be needed to ensure that neighbourhood projects are resilient and achieve viable long-term outcomes and that larger-scale strategic sites are shielded from external economic shocks. Strategic planning, public-private partnerships and finance are all areas that will need ongoing attention and re-appraisal to ensure that the 2015 Strategy and current master plans guide development, including urban regeneration at the centre and growth management on the periphery of the functional region.

Competitive positioning in a new global economic geography shapes strategic priorities particularly as regards major infrastructure investments and locations for new concentrations of business activities. It also highlights the importance of the cultural assets of a place to attract the skilled workers of the new knowledge industries and tourists. The need for environmental sustainability highlights both new conservation priorities and new ways of thinking about the flows of people, goods and waste products. The need for social cohesion leads to concerns for the quality and accessibility of particular resources, amenities and opportunities in the city and region. The central challenge to developing any sustainable metropolitan development strategy is the need for a more integrated approach to economic growth, social inclusion and sustainable environment as was the case in Cambridge, United Kingdom. Busan can draw on the 20-year approach to managing growth and aligning strategic interventions to consolidate land-use plans, urban regeneration and strategic site investment.

Box 2.1. Cambridge: the role of integrated planning and multi-level governance in urban areas

In the United Kingdom, the City of Cambridge is an example of how integrated planning and multi-level governance can unleash economic growth. Land-use planning, post-war green belt restrictions and fragmented governance had long restricted physical and economic growth in the city. In the late 1980s, the situation came to a head as restrictions on land supply were negatively impacting housing affordability and availability and most significantly, threatened to undermine the emerging role of the city as a global centre for science and technology – the "Cambridge phenomena".

To face this challenge, local authorities (city, county and neighbouring East and South Cambridgeshire), the private sector and the University of Cambridge joined forces to safeguard the positioning of the city against competitors such as Harvard and MIT. Local authority collaboration became a driver for planned growth overseen by the new public body "Cambridge Horizons". The integrated planning system supported economic

development through the release of land for housing in the north and south of the city, increased densities and infill development in central areas, and a new village and town in South Cambridgeshire.

In 2014, the national government designated the City of Cambridge as a growth area enabling access to the National Growth Fund. This led to investments in transport and infrastructure to create a guided busway on a disused railway line, and the construction of access roads to open up sites in the southern fringe. Finance was provided through a revolving loan fund which in turn financed other transport projects such as the new station in the city. This funding mechanism unlocked the development of the new town, Northstowe, which had been stalled due to multiple factors such as complex land ownership, legal negotiations and the recession. The fund helped to safeguard developers' contributions and ensure affordable housing provision.

Source: adapted from Monk S, Whitehead C, International review of land supply and planning systems (2013[13]).

Public assets and infrastructure may act as catalysts for regeneration

In Busan, the government, port authority and the private sector work together to deliver urban regeneration on key sites to support the strategic plan for the city. These partnerships are critical for large-scale urban regeneration projects and increasingly to help cities realise broader strategic objectives. In London, for example, collaboration between the Greater London Authority, Transport for London (TfL) and the private sector has led to a more strategic and co-ordinated approach to regenerating key sites and using public assets as catalysts for investment (Jeffrey, 2017[14]). Lessons emerging from the approach taken in London highlight the role of land value capture in urban regeneration, the need for specialist skills and capacity in the public sector, the importance of strategic site planning and, above all, the value of collaboration.

Box 2.2. Getting the most out of Transport for London's land and property assets

Transport for London (TfL) has a significant land and property asset base in London, which now plays a pivotal role in funding transport investment and providing more affordable housing in the capital. The imperative for this new approach came in 2016 when TfL lost its capital grant from national government and thus needed to identify new revenue streams. In the same year, a new Mayor was elected and committed to addressing the affordable housing challenge in the city. A more strategic approach to transport and land use was adopted to secure ongoing investment in transport and infrastructure and release strategic sites to provide more affordable housing. The land assets of TFL amounted to 5 700 acres which had the potential of creating 500 major development sites. The Greater London Authority, TfL and 13 real-estate developers established a Property Partnership Framework (PPF). The PPF set out a strategic approach to public asset disposal, the creation of joint ventures for the development of sites and fulfilling the Mayor's ambition to build more affordable housing. As well as facilitating new homes across the city, the PPF is also set to raise GBP 3.4 billion in non-fares income by 2023.

Source: Delivering change How city partnerships make the most of public assets, http://www.centrefgorcities.org (accessed 5 September 2018).

In Korea, innovative approaches, such as the Build-Transfer-Operate public private partnership model used for roads, seaports and railway projects, offer similar lessons for OECD countries. Because the private partner operates the project, funding comes from user fees. Additionally, when needed to cover costs, the government provides the Minimum Revenue Guarantee. The Build-Transfer-Lease model is used only for solicited projects of schools and dormitory or military housing. Because there are no user fees involved, the state pays a lease, or rent to a private partner. The state also covers the operating costs. It is a low risk, low return investment. In both cases ownership is by the state (Kim, 2011[15]) and, like the London example, demonstrates the effectiveness of the state using its assets to accelerate development.

Infrastructure has a critical role to play in urban development and urban regeneration. Many projects have important transport and infrastructure outcomes, for example, the City Deals in the United Kingdom all have long-term infrastructure projects that are part of integrated urban regeneration and growth plans. The costs of not planning infrastructure investment alongside urban development are significant. Infrastructure is costly and OECD member countries have developed innovative ways in which to finance infrastructure projects. In Korea, since 1992, local governments have utilised innovative financial resources based on the principle that building owners should pay for the demands they will place on local infrastructure (Lee, J. and Nam, 2016[5]).

Based on the Special Act, national government can provide financial support for Urban Regeneration Activation initiatives through full or partial grants or through loans (Special Act, Article 27 (Assistance or Financing)). Funding can be applied to a diverse range of interventions such as strategies, research, technical support, renovation, conservation and social innovation projects. National funding also supports local governments' Urban Regeneration Master Plans through four types of financial support: i) pump-priming projects (Majungmul-projects), ii) central ministry-led projects, iii) local government-led projects, and iv) private sector-led projects. Among these four projects, priming projects are financially supported by MOLIT and other central ministries such as the Ministry of Culture, Sports and Tourism, the Ministry of Science and ICT, and the Ministry of Public Administration and Security.

The national government is a critical partner and investor in large-scale projects, such as the development of the railway and port areas, as well as more localised urban regeneration initiatives in Busan. Current levels of investment are around KRW 43.7 billion won in strategic sites, KRW 25 billion won in pump-priming projects and KRW 18.7 billion won in central ministry-led projects.

Urban regeneration in Busan: a mechanism for sustainable socio-economic development.

A key feature of the approach to urban regeneration in Busan involves initiatives to address the challenges emerging from the geography of the city and its rapid expansion during the Korean War. When the city was designated as the temporary capital of Korea its population increased eightfold. Absorbing significant numbers of refugees in addition to this new status as the capital city meant that all available land in the city was developed. To meet housing demand, poor quality unplanned settlements emerged in the hillsides and continued to develop during the 1970s and 1980s as low-skilled workers moved to the city. In many areas unplanned settlements have led to environmental degradation and social exclusion.

In Busan, communities living in unplanned districts developed strong place-based social connections, which now influence approaches to urban regeneration. In Korea, like in other

OECD countries, early approaches to urban regeneration led to radical transformation and economic growth but often at the cost of destroying local communities and the landmarks associated with belonging and well-being (OECD, 2018[2]). Increasingly, approaches to urban regeneration became more inclusive and holistic as projects recognised the importance of preserving historic buildings, reinforcing the urban and social fabric of an area and, above all, putting citizens at the centre of regeneration efforts. BMG's approach to urban regeneration seems to follow this path as communities are empowered to participate in decision-making processes. The national government further supports this approach through the people-centred Urban Regeneration New Deal.

Busan supports welfare through culture-led regeneration

Marking the shift towards more people-centred urban regeneration the Sanbokdoro Renaissance Project is an example of the new approach to regenerating hillside communities in Busan. The area was inaccessible and poorly served by public amenities, unemployment was high, schools were failing, and the community disenfranchised. From the outset, the project was a public, private and community collaboration. BMG ensured that policy and legislative frameworks aligned by co-ordinating the Special Act on the Promotion of and Support for Urban Regeneration, Busan Metropolitan Government Ordinance on the Promotion of and Support for Urban Regeneration, and Busan Metropolitan Government Ordinance on Support for Creating Liveable Neighbourhoods. The Centre for Creating Liveable Neighbourhoods (the predecessor of the Urban Regeneration Centre) had oversight of the project, serving as the critical link between actors and stakeholders to build the capacity of local residents and to ensure that the actions led to meaningful outcomes for the local community.

The vision for the project emerged through an extensive process of community engagement and consultations. Residents co-owned the vision to regenerate the physical environment, strengthen the local community, transform the economy and develop cultural programmes and assets. The approach focused on outcomes for socially excluded communities and included training for the unemployed and business support and development. Co-operatives and social enterprises played critical roles and profits from tourism were re-invested into the local community. By 2016, 11 new businesses, 17 co-operatives and 2 non-profit organisations were being run by local communities (Busan Metropolitan Government, 2018[16]).

The Gamcheon Culture Village is another example of successful hillside regeneration through culture and welfare which is discussed in detail in Chapter 3. The 25 000 residents of the Gamcheon district and over 120 artists have co-created a community which now connects with the rest of the city. As part of the project, an abandoned school near Gamcheon Port is now a cultural complex where cultural and welfare functions are being provided together. Busan Metropolitan Government continues to play a critical role in supporting the initiative through an annual subsidy of approximately KRW 500 million.

Each initiative highlights the value of culture-led regeneration in neighbourhood renewal. In Korea, urban regeneration interventions have long appreciated the importance of culture as a catalyst to regenerate areas that have complex challenges (Hwang, 2014[17]). Similarly, in Europe culture has long been used to drive change in cities facing industrial decline and transition. Glasgow, Liverpool, Lille, Bilbao and Barcelona have all embedded culture into their city regeneration strategies, often as the catalyst to address broader challenges. Lessons from these cities highlight the need for an integrated policy approach which aligns the built environment with economic, social and cultural polices (Evans, 2004[18]).

The Busan examples are founded on integrated and inclusive planning which led to positive outcomes in terms of physical renewal, local economic development and community cohesion. The projects now contribute to the culture and tourism offer of the city. Supporting urban regeneration at different spatial scales, particularly at the neighbourhood level, is an important dimension of the approach taken in Busan and nationally through the New Deal. As in Korea, neighbourhood regeneration initiatives across OECD countries increasingly pursue community-led programmes. For example, Turin, Italy is experimenting with a new approach to neighbourhood renewal, which puts local residents at the centre of projects. The city is a pilot in the European Union Co-City initiative (collaborative management of "urban commons"[1] to counteract poverty and socio-spatial polarisation) (European Commission, 2018[19]). The "urban commons" approach could be pursued in Busan as a means to formalise collaboration between the public sector and communities and help build local capacity to participate in urban regeneration efforts.

Box 2.3. Regeneration of community buildings in Turin

To tackle poverty and exclusion, Turin is creating a network of "urban commons" by transforming derelict sites into assets owned and maintained by local communities. The initiative is supported by the European Union and is a mechanism through which participating cities can innovate to create new strategic partnerships and service delivery.

In 2016, the city adopted regulations to establish "urban commons" as a formal mechanism for urban regeneration. Implementation is through formal pacts between citizens (including residents' groups, associations and NGOs) and the city government. The pacts focus on rules to be applied, delivery and the monitoring of outcomes.

A network of neighbourhood houses (*case del quartiere*) are located across the city to support citizens and community groups wishing to form a pact and to build capacity to develop the sites.

The University of Turin plays an important role to support the initiative and has created new ICT platforms to engage citizens. It compiles a legal toolkit to support use of the regulation and a handbook regarding the implementation of the EU Co-City project.

Source: adapted from European Commission (2018), Turin turns abandoned buildings into drivers of urban regeneration, http://ec.europa.eu/regional_policy/en/projects/italy/turin-turns-abandoned-buildings-into-drivers-of-urban-regeneration (accessed 10 September 2018).

Housing renewal is at the centre of urban regeneration in Korea

In Korean cities, like in other OECD member countries, housing renewal is a critical element of urban regeneration, the aims of which are often broad ranging. Programmes need to be economically viable, socially and politically acceptable, deliverable, sustainable and co-ordinated (Future of London, 2011[20]). In Busan, the Gamcheon Culture Village and Sanbokdoro Renaissance Project are important examples of holistic urban regeneration which align housing renewal, economic and social development led by BMG. Housing renewal remains a priority in Busan, enhanced through the Urban Regeneration New Deal, its diverse range of interventions including the "Public Housing and Facilities Model" and low interest loans from the Korea Housing and Urban Guarantee Corporation (HUG) (OECD, 2018[2]). BMG should seek to capture the objectives of the New Deal beyond the

programming period by embedding housing and economic development policies into the city-wide regeneration plan to drive local growth. Housing renewal thus addresses local needs and creates investment opportunities.

Brownfield sites are catalysts for sustainable regeneration and investment in Busan

The redevelopment of brownfield sites is an integral part of Busan's approach to urban regeneration and sustainable urban development. Urban "brownfields" or previously developed sites, often located at or near the city centre, represent a major opportunity for cities to realise sustainable urban development and a more environmentally sound, economically viable and socially equitable urban function. The significant number of brownfield sites in urban regions is a result of shifts from industrial and manufacturing processes to service and knowledge-based economies with different technological needs, changing employment patterns and skills requirements. From small-scale neighbourhood renewal projects to large-scale port and military base projects, brownfield sites are recognised as strategic assets to help the city achieve its ambitions to limit urban sprawl and promote compact city policies. The sites are being used to create new economic areas along the waterfront, new housing and public spaces.

Brownfield sites also form part of the investment portfolio for the city. Busan, like many other cities, has substantial public assets in the form of brownfield sites, real estate, facilities, or other amenities which can be an opportunity for urban regeneration initiatives. They are part of the city's investment proposition to the global market. Invest Busan is the marketing prospectus for key sites in the city. 11 strategic sites, many of which are brownfield, and major regeneration initiatives are marketed as the hub of the Northeast Asian economy, positioning the city as a maritime, cultural, logistics and financial centre (Busan Metropolitan Government, 2017[11]). As the competition for global investment becomes more pressing, cities such as Busan need to demonstrate that they are both more "investable" and more "investment-ready". OECD (OECD, 2018[2])defined "investable" and "investment ready" cities as needing to "clearly demonstrate how good returns can be made on investments in their territory, and be ready to help make those deals attractive…..involved directly with measures to stimulate a strong deal flow of good quality propositions for financiers to evaluate" (OECD, 2018, p. 129[2]).

Cities, regions and national governments throughout OECD countries increasingly market key sites to international investors. The global real estate industry invests heavily in urban areas and operates at a global scale. Therefore, all levels of government need to align and proactively develop investment propositions which go beyond national markets. In the United Kingdom (Greater London Authority & United Kingdom Department of Trade and Industry, 2018[21]), national and city governments work together to capture global investors. In Germany, cities such as Hamburg position investment propositions to the global market as a means of accelerating regeneration efforts. Despite the strong domestic real estate market in Korea, Busan is similarly positioning strategic regeneration sites such as the 'Eco-Delta City' to global investors. Eco-Delta City is a mixed use waterfront development designed around smart, sustainable and water-based technologies. Through Invest Busan, BMG may wish to consider a more strategic approach to investment in partnership with national government and the private sector to create a portfolio of assets that can be used to achieve balanced growth across the metropolitan area.

Box 2.4. Brownfield sites as investment assets

In the United Kingdom, the Department of Trade and Industry supports cities in marketing strategic sites to global investors by emphasising their brownfield and regeneration credentials. This approach demonstrates public sector commitment and backing for key projects to share investment risk and to encourage investment outside of London. In Greater Manchester, a number of large-scale projects benefit from this collaborative approach. Airport City, for example, has become an Enterprise Zone attracting significant Chinese investment. The Combined Authority has adopted a dedicated skills and employment strategy for Airport City to create local jobs and to meet the needs of investors. In East Manchester, a similarly collaborative and long-term approach is pursued. Industrial decline had left a legacy of brownfield sites, high unemployment and social deprivation. However, following the 2002 Commonwealth Games, a long-term approach to regeneration emerged. The area went through significant physical transformation in preparation for the Games. After the Games, city leaders negotiated innovative land and property deals, which led to Manchester City Football Club purchasing the stadium and the city retaining the land asset to generate revenue. The local community was a critical actor in the planning of the site and the redevelopment of the area. City leaders were of the view that the site had to generate economic and social value. Investors committed to this approach by funding community infrastructure such as a swimming pool, attracting much needed retail facilities to the area and, more importantly, creating jobs for the local community. Manchester City Football Club is a committed partner to urban regeneration in the community and served as a catalyst for investment. In 2015, a 10-year partnership was agreed with a private equity company called Abu Dhabi United Group to build more than 6 000 homes in the area. Investors acknowledged the local vision and track record of the City Council on urban regeneration and delivery as an investment incentive. Development in Airport City and East Manchester boosted investor confidence across the metropolitan area resulting in significant job creation.

In Hamburg, the brownfield sites of the HafenCity port area have also become catalysts for external investment from new firms, real estate investors and development markets. A long-term approach of collaborative public and private sector engagement had been critical to the success of the regeneration initiative from the outset. However, in 2014, the remit of the Hamburg Business Development Corporation (HWF) was expanded. For over three decades, HWF had focused on attracting new employers to Hamburg and local economic policy. New responsibilities included marketing commercial properties, managing publicly owned land to serve the logistics sector and leading regeneration in East Hamburg. Other public agencies, such as HafenCity Hamburg and IBA Hamburg GmbH, aligned their strategies to accelerate investment across the city. In 2014, Unibail-Rodamco purchased the Überseequartier site for EUR 860 million to build new housing for the city.

Sources: Local Economic Leadership (OECD, 2015[22]); London Investment Prospectus ; Hamburg 2030: focus topics for urban development (City of Hamburg, 2015[23]).

Brownfield redevelopment incentives are common tools throughout OECD countries to regenerate inner-city areas (Silva and Acheampong, 2015[6]). Such incentives emerged to address the numerous challenges associated with brownfield sites such as high land values, decontamination costs and zoning constraints (Silva and Acheampong, 2015[6]). Brownfield redevelopment incentives have been used to positive effect in many cities by helping avert unsustainable urban expansion, increasing the asset value of the site and the

surrounding area, increasing the local tax base, creating jobs, environmental protection and the effective use of existing infrastructure (OECD, 1998[24]) (OECD, 2017[9]).

Smart urban regeneration drives inclusive growth in Busan

Busan is now established as a leading smart city in Korea and beyond (Lee, 2017[25]). Sustainable urban development and, thus, urban regeneration initiatives in Busan include the U-City initiative, which aims to provide various ubiquitous city services and information to citizens anywhere and anytime through integrating urban infrastructure and ICT (OECD, 2018[2]). The partnerships that BMG has created with the private sector (Cisco and KT, South Korea's largest telecom company) to deliver public services through cloud-based infrastructure have been critical to its success. The Busan Green U-City has invested over USD 300 million in the Busan Green U-City initiative to create community centres and provide urban services for citizens (Kramer and Chen, 2017[26]). In addition to large scale projects and city-wide service delivery, smart city approaches have been used to support and deliver citizen engagement in urban regeneration projects such as the Sanbokdoro Renaissance Project and the Gamcheon Culture Village. BMG is committed to mainstreaming smart infrastructure and services in all urban regeneration projects.

MOLIT committed to aligning smart city and urban regeneration agendas in 2017 through the launch of the Urban New Deal. In this sense, local governments are encouraged to embed the smart city concept into their Urban Regeneration Master Plan and Master Plans. Local governments can receive additional scores during the process of selecting Master Plans by the national government when they include smart city concepts into their Urban Regeneration Master Plan. Smart city thinking is founded on the concept of using ICT to solve urban problems, urban regeneration being a target area. To support this, the Presidential Committee on the Fourth Industrial Revolution designated Busan as a Smart City test bed. The "Eco Delta City", near Gimhae Airport, will become a global logistics hub serviced through hydrothermal energy (Korea Herald, 2018[27]). Over the next five years, the government will focus its research and development capability and budget on Busan (and Sejong) and ease regulations to attract private investment to develop them into smart cities fed and connected by new technologies including next-generation networks, big data, artificial intelligence (AI), autonomous vehicles, smart grids and virtual reality.

Busan has joined the European Commission World Cities project (European Commission, 2018[19]), which began in 2016, to facilitate the exchange of information and good practices on regional and urban development policy issues. For example, Busan has signed a memorandum of understanding with Barcelona to collaborate on a number of shared challenges such as clean energy, public transport, urban regeneration and smart cities. Alliances will be forged between universities and research institutions and best practices will be shared on culture and tourism. (European Commission, 2018[19]).

This initiative builds on a longstanding tradition in the city to engage internationally and benefit from peer learning through a range of city collaborations. In particular, the 22@Barcelona project could be relevant for Busan as an example of urban regeneration through the creation of an environment suitable for innovation and collaboration between international and local stakeholders. A key lesson for Busan from this experience is the importance of a long-term vision to drive the project forward.

Box 2.5. The importance of a long-term vision in urban regeneration: 22@Barcelona

The 22@Barcelona project is one of the world's first smart urban regeneration projects dedicated to creating an environment for the "creative classes" and aiming to maximise opportunities of international and local collaboration within and between sectors. Located in the Poblenou district, the area was a leading industrial centre producing metal, textiles and logistics. Industrial decline in the 1970s and 1980s had left a legacy of brownfield sites, unemployment and social exclusion. The city embarked upon a strategy that included its successful bid to host the 1992 Olympic Games, the creation of Barcelona Activa development agency in 1986, and strategic transport and infrastructure investments. The overall vison was to physically regenerate the city and to define a new approach to economic development based on entrepreneurship, innovation, tourism and inclusion.

The planning for 22@Barcelona began in 2000 as the city adopted a plan to transform the area into a high-tech innovation district. The site has become part of the urban fabric of the city through densification, mixed-use developments and transport connections. The public sector played a key role in investing in physical and technological infrastructure thus creating more than 3 million square metres of technologically advanced space. The investments attracted ICT firms, researchers and innovative firms. 22@ is now a successful innovation district home to over 1 500 firms.

The 22@Barcelona plan sought to preserve the mixed used character of the area by including provision for housing and social amenities, affordable housing, health facilities, leisure and sports amenities and international schools.

Source: adapted from (OECD, 2013[10]).

Urban regeneration and smart city initiatives share the aim of seeking to address urban problems. As such, the synergy between the two is becoming increasingly important in cities throughout OECD countries. Korea has been at the forefront of smart cities (OECD, 2018[2]) and Busan is one the leading proponents. The city has been explicit in wanting to use ICT more effectively in urban regeneration which makes its alliance with Barcelona and particularly 22@ an important step forward. By initiating a process of international peer learning, the two cities will be able to capitalise on collaboration not only to positively influence urban regeneration decisions and outcomes but to also position themselves more strongly within a competitive global smart market.

Regenerating Busan's port promotes economic development

Urban regeneration in port cities is an ongoing process as ports re-organise, expand or contract and adapt logistics to the changing global market. Technological changes in shipping and cargo handling facilities triggered the transformation of ports in the mid-1960s and ports moved away from the city core. This can release land in core areas to create economic opportunity. As one of the most competitive ports in the global maritime economy, Busan is retaining its competitive advantage through a rationalisation of its sites and logistics. The North Port Redevelopment Project aims to establish Busan and its ports as a global shipping gateway to the Eurasian continent. The West Busan Development Project is one of the most important large-scale urban development projects in the city. The western area currently lags behind the development of eastern Busan. The Port Authority and BMG have developed a long-term plan for the area which will not only strengthen the

port but also create a new economic hub within the city. The project is developing at a rapid pace as four projects have already been completed:

- Two initial phases of the Myungji International New City Project
- Phase 1-1 of the International Industrial Logistics City Project
- Jangnim Port Landmark Project
- Busan Museum of Modern Art (Busan Metropolitan Government, 2017[11]).

Feasibility studies have been developed for a number of other key sites and are promoted by Invest Busan (Busan Metropolitan Government, 2017[11]). Potential investors can access studies for the Busan World Expo 2030, Busan Global Tech Biz Centre, the Advanced Shoe Industry Convergence Hub Centre and the Western Busan Urban Regeneration Project. A number of other studies are under development, including the Gimhae New Airport, the Shinpyeong and Jangnim innovative industrial complexes and the Sasang Smart City (Busan Metropolitan Government, 2017[11]).

The approach taken in Busan mirrors that in other OECD countries. In Hamburg, the redevelopment of the port and its surrounding area sought to retain Hamburg's competitive position as a maritime economy whilst contributing to the sustainable urban development of the city. In planning HafenCity, Hamburg drew lessons from earlier approaches to waterfront development around the world concentrated on high value-added investments and economic development outcomes. Through HafenCity, Hamburg prioritised citizen engagement and planned the site to be an extension of the city centre. In doing so, job creation, affordable housing, green space and social infrastructure were planned from the outset. Like Hamburg, Busan effectively capitalises on its role as a leading port city to establish partner relationships with port cities. Following Hamburg's "collaborating to compete" approach, Busan has taken care to ensure that its approach to regenerating the waterfront and port lands provide jobs, investment and housing as well as building on its experience in culture-led regeneration and creative city policies. There will be an ongoing need to engage and inform citizens as the projects develop. Local residents often feel alienated from projects of scale, fear gentrification and have concerns about accessing new jobs. BMG will need to be mindful of stakeholder engagement (discussed in Chapter 3) and ensure that skills, employment, housing and social policies and strategies align with the ambitions for the Western Port Area.

HafenCity offers interesting lessons for Busan and other cities embarking upon large-scale, long-term urban regeneration projects. First, it is a positive example of inclusive growth through affordable housing, skills and youth employment. Second, its governance structure and delivery mechanisms demonstrate effective and collaborative public and private leadership throughout the city. Third, the area is now an integral part of the economic and social fabric of the city as jobs are created and new communities are built.

Box 2.6. Fostering liveability through urban regeneration: Hafen City, Hamburg

In Hamburg, Germany, HafenCity is developing a reputation for being an ideal place to live and work through a large number of urban renewal projects in residential and business/industrial areas. With the development process of HafenCity, a 1.5km2 harbour and industrial site is effectively expanding the city centre by 40%. The urban development principles of HafenCity master plan sought to add intensity, quality and liveability to the site's public spaces, with up to 7 000 homes and 45 000 jobs representing about 4% of the city's labour force.

The city created the HafenCity Hamburg GmbH development agency to act as landowner, developer and promotor for the site and the City of Hamburg's Ministry of Urban Development assumed responsibility for development plans and building permissions and co-financing major infrastructure investments. The approach set out to share risk across institutions and with the private sector and led to ongoing investment activity by all partners.

Public investment has yielded a 1:4 ratio of private sector investment and helped position HafenCity as one of the largest regeneration projects in Europe. In addition to the longer-term goal of providing 45 000 jobs, a university campus, concert hall, green spaces and affordable housing are ensuring that the area meets its objective to be an integrated part of the city.

Source: (City of Hamburg, 2015[23]), *Hamburg 2030: focus topics for urban development;* HafenCity Hamburg, www.hafencity.com/en/overview/hafencity-hamburg-state-of-development.html (accessed 4 September 2018).

Urban regeneration drives job creation in Busan

Job creation is central to urban regeneration in Busan. As a shrinking city, Busan is facing population loss and out-migration of its young people. As the manufacturing base of the city has declined, new sources of jobs have emerged in port and industrial logistics, tourism and convention, and the film-making sectors (OECD, 2014[28]). To support this economic transition, BMG has highlighted a number of strategic projects that will align urban development and local job creation. Critical projects include: developing a hub port for northeast Asia, redeveloping the North Port, constructing a Cinema Town, building the East Busan tourist and convention cluster, establishing Busan Citizens' Park, expanding metropolitan transportation networks across the south-eastern region and moving Gimhae International Airport to Gadeok Island (Busan Metropolitan Government, 2017[11]).

Sustained efforts by BMG to regenerate strategic sites in the city have resulted in a range of new and relocated jobs. The Busan Innovative City Plan has led to technology jobs being created in three innovation districts, public sector jobs have been retained in the city as maritime and fisheries agencies relocated to the Dongsam district, and the creative industries sector was strengthened by the relocation of three film-related agencies to the Centum district (OECD, 2014[28]).

City governments have a key role to play in ensuring that the local workforce can access new employment opportunities and is equipped to participate in the changing economy. Busan is experiencing significant outmigration of young people at a time when the knowledge economy is growing. To retain its population and ensure that urban regeneration

contributes to creating high value-added jobs, BMG could develop explicit employment and skills strategies for each of the strategic regeneration sites, as was the case for Airport City in Manchester. Such an approach enables a better use of resources and helps build stronger links with employers and investors. The OECD Local Job Creation Review of Korea (OECD, 2014[28]) recommended a number of measures to raise the quality of local jobs, improve skills utilisation and support integrated local development that are relevant to Busan. Such measures include:

- Supporting technology transfer through investment and innovation partnerships
- Providing technical assistance to improve working conditions and work organisation
- Promoting training for managers and workers and encouraging employers to invest in workplace skills and learning
- Changing incentive structures for local employment agencies to concentrate on the quality, not quantity of job-matches
- Embedding skills policies into economic development policies.

Box 2.7. Tools to raise the quality of local jobs and improve skills utilisation in Korea

To improve the quality and skills for the local job market in Korea, the OECD made the following recommendations:

Guidance, facilitation and training

- Support technology transfer: facilitating investment in new technology by employers, setting up partnerships for the sharing of innovation and new technologies.
- Provide technical assistance to improve working conditions and work organisation: this may mean the re-professionalisation of front-line positions in some sectors and a reduction in dependence on temporary staff, while in others it may mean better problem solving in the workplace. Providing staff with enough time to pass on skills and learning is also important.
- Encourage participation in training for both managers and workers: better trained managers are likely to create more productive working environments for their staff. At the same time, companies need to be encouraged to make training and other skills development opportunities available to their employees.

Influencing broader public policies

- Remove local disincentives to a focus on quality in the public sector: this may include changing incentive structures for local employment agencies so that they concentrate on the quality and not just the quantity of job-matches.
- Ensure that skills policies are embedded in economic development policies: local partnerships are needed between business and policy makers in the sphere of economic development, education and employment, in order to ensure that skills policies are understood in the context of broader economic development.

Source: (OECD, 2014[28]), *Local Job Creation in Korea*

Busan builds capacity for urban regeneration through partnerships

Urban regeneration is a collaborative process which includes multiple actors and stakeholders. In Korea, as in many OECD countries, successful urban regeneration is no longer a top-down exercise of state intervention. It is a partnership between tiers of government and broader coalitions from civil society and the private sector. In most cities, collaboration is the interaction between a diverse set of institutions and actors. Cities that have successfully mainstreamed collaboration find that "collaboration begets collaboration" and the system for urban regeneration is better tuned to respond to the challenges of inclusive growth (OECD, 2015[22]).

Busan has a strong record of accomplishing partnerships through collaboration with national government on strategically important sites and through the Urban Regeneration New Deal with state actors such as the Port Authority and the Korean Housing and Urban Guarantee Corporation, with the private sector and in recent years with civil society. OECD (OECD, 2018[2]) highlighted the capacity of MOLIT's enabling framework to support urban regeneration. The Urban Regeneration Assistance Organisations (URAO) receive funding from MOLIT to develop evidence-based policy and regulations, evaluations, project management, guidelines, consulting and training. URAOs also fund local Urban Regeneration Support Centres (URSC) whose role is to support local governments (OECD, 2018[2]).

Cities need multi-stakeholder systems to prepare and market their local economy globally (OECD, 2015[22]). BMG, Invest Busan and other public agencies collaborate to develop and promote the city, as well as dedicated business-facing organisations which also promote the city. Busan seeks to bring a significant number of sites to market and attract skilled workers and investment. For this, the experience of Amsterdam may be particularly relevant. In 2010, the Amsterdam Economic Board (AEB) was created to provide strategic advice and solutions for economic development to the metropolitan area. The Board aimed to align policy interventions with strategic investment decisions. Collaboration with In Amsterdam and other public and private sector partners has helped shape a resilient investment climate, boosted trade and supported the integration of highly skilled migrants. Busan's economic leadership may need to establish a strategic platform from which it can continue to promote and develop the city.

Another approach which could offer insights for Busan is the new institutions and collaborative formats which are emerging in some cities triggered by long-term government funding envelopes. In 2014, the Glasgow and Clyde Valley city-region was awarded GBP 1.3 billion as part of the national programme of City Deals in the United Kingdom. The 20-year funding programme will support regeneration, infrastructure and job creation. The City Deal involves eight local authorities. In the absence of a metropolitan government in the region, the local authorities created two new bodies to co-ordinate the Deal: the Glasgow and Clyde Valley Economic Leadership Board and the Commission on Urban Economic Growth. The Deal created an imperative to collaborate if the region is to meet its ambitions to develop a highly skilled, inclusive and entrepreneurial workforce. BMG could review the eco-system in which the 2015 Urban Regeneration Strategy exists to assess whether all pillars of the strategy can be operationalised through existing structures and identify where the system could be strengthened or changed. The Glasgow City Deal aligns regeneration, infrastructure and human capital to help shape an inclusive economy in the city. The 20-year central government funding package adds long-term certainty into the development process.

Busan has benefitted from strong local leadership that has shaped the approach to regeneration in the city and led the shift from development-led interventions to people-centred initiatives. This approach is now embedded into national frameworks and creating opportunities to build new coalitions in cities to drive projects forward. The national government also recognised the important role that local communities have to play in urban regeneration. The Urban Regeneration New Deal requires projects to build capacity in local communities and engage stakeholders and beneficiaries in determining outcomes. This approach can help create a platform for civic leadership which focuses on the needs of a place as a result of loyalty and civic identity (OECD, 2012[29]). Evolving civic leadership has played a critical role in the Gamcheon Culture Village and the Sanbokdoro Renaissance Project. In each case, these new local leaders engage local government and build consensus amongst stakeholders (see Chapter 3).

Operationalising land-use planning and urban regeneration

Density, zoning and floor area ratios promoting inclusive growth

In OECD countries, a range of development management measures are used to control, regulate or encourage development in land-use planning. Research suggests that:

In all OECD countries, a range of policy instruments are applied to control, regulate and or stimulate desired development outcomes. Development management instruments affect the decisions of actors in the development process, and the overall emergent dynamics of the land and property markets by shaping the timing (i.e. when), the location (i.e. where) and the nature and extent (i.e. how much) of physical development. Development management instruments are also applied at the urban, city or metropolitan scale to: (i) manage growth (e.g. sprawl control), (ii) protect the public health and safety by preventing and mitigating negative externalities, (iii) capture the value accruing from public sector investments, and (iv) raise revenues in the development process for continuous investment in infrastructure (Silva and Acheampong, 2015[6]).

In Korea, land-use planning determines zoning and, as discussed in the previous chapter, urban regeneration plans are designed to align with land-use regulations and master plans. In its mapping of planning and zoning across a range of countries, the World Bank (2018[30]) highlights different approaches adopted by countries. For example, in the United States, zoning is a local issue, whereas in France it is a national competence. In addition, zoning policies take a number of forms which often operate in parallel. The World Bank (2018[30]) and Silva and Acheampong (2015[6]) define these as:

- Up-zoning – increases density in previously low-density zones
- Mixed-use zoning – permits residential, commercial, civic and light industrial uses within an area to increase density and compact urban development
- Minimum density zoning – encourages higher density development in urban areas
- Inclusionary zoning – predominantly used in the United States as a means of using the planning system to create affordable housing and foster social inclusion.

The Urban Regeneration New Deal enables density to be increased on single unit or low-density sites which are part of the programme. Floor area ratio (FAR) mechanisms are applied to set standards for building mass and incentivise densification. Shenvi and Slangen (2018[31]) argue that FARs have been instrumental in the creation of high-density, mixed-use neighbourhoods that are serviced by public transit when used to support planning and

regeneration. In the case of the New Deal, FAR mechanisms contribute to improving the urban environment and creating economic opportunity. In Korea, FAR mechanisms are applied to regenerate distressed urban areas, increase density and support local economic development. The Urban Regeneration New Deal is a five-year programme which implies that to realise optimal outcomes and to accelerate investment and opportunity a more flexible approach to zoning could be beneficial.

Table 2.3. City centre floor area ratio values in different cities

City	FAR
Sao Paulo	1.00
Mumbai	1.33
Amsterdam	1.90
Venice	2.40
Paris	3.00
Shanghai	8.00
Vancouver	9.00
San Francisco	9.00
Chicago	12.00
Hong Kong	12.00
Los Angeles	13.00
New York	15.00
Tokyo	20.00

Source: (Shenvi A and Slangen R, 2018[31]), "Enabling Smart Urban Redevelopment in India through Floor Area Ratio Incentives".

The provision of affordable housing is critical to urban regeneration in Korea and lessons could be drawn from the approach in New York. The city government has the administrative capacity to change zoning and create instruments that promote growth and development whilst addressing issues of inclusion and accessibility. The New York approach avoids a "one size fits all" and offers flexibility to developers and public authorities.

Box 2.8. Inclusionary housing in New York

In New York, floor area ratio incentives have long been used in land-use planning and urban regeneration to encourage development and offset public infrastructure costs (Shenvi A and Slangen R, 2018[31]). In 1987, New York City introduced its first Inclusionary Housing Programme aimed at promoting economic diversity in the highest-density districts and in those planned for significant residential growth. The programme focused on Manhattan and allowed floor area ratios (FARs) to be increased on eligible sites to build affordable housing. By 2017, 4 000 units of permanently affordable housing had been built in Manhattan.

In 2005, the city created the Inclusionary Housing Designated Areas Programme targeting medium to high-density districts in Bronx, Brooklyn, Manhattan and Queens. The programme allows FARs to be increased by as much as 33% on the condition that 30% of the building's floor area is provided for affordable housing. Affordable housing created through the 2005 programme must remain affordable in perpetuity for households at or below 80 percent of area median income. By 2017, the Inclusionary Housing Designated

Areas programme had resulted in 7 000 units of permanently affordable housing across the four districts.

In 2016, the city created a Mandatory Inclusionary Housing (MIH) Programme in designated areas. The programme offers a flexible menu of options that can include set aside affordable housing or the possibility to pay a fee in lieu of providing affordable units. These funds are reserved for affordable housing purposes within the Community District where the development is located.

Source: (New York City, 2018[33]), https://www1.nyc.gov/site/planning/zoning/glossary.page (accessed 25 August 2018).

Urban regeneration in Korea requires development management instruments and incentives

Development management instruments are applied in OECD countries through wide-ranging regulatory instruments, incentive-based instruments, and fiscal instruments in the form of exactions, taxes and fees (Table 2.4) (Silva and Acheampong, 2015[6]). Countries tend to use a mix of instruments and incentives to support land-use planning and urban regeneration. In countries such as Korea (Silva and Acheampong, 2015[6]), which generate higher levels of public revenue from property taxes, large urban regeneration sites are strategically important. Larger sites within Busan, such as the Western Port Area, can benefit from a judicious mix of tools to support the strategies and master plans and to ensure that loans and polices can be implemented. Development instruments enable the public sector to intervene in land markets and to work in partnership with the private sector.

Table 2.4. Development management instruments applied in OECD countries

Regulatory instruments	Incentive-based instruments	Fiscal instruments
Development moratoria	Brownfield redevelopment initiatives	Dedications (e.g. infrastructure levies)
Greenbelts	Capital gain tax	Development impact fees
Rate of growth controls	Conservation easements	Land value tax
Urban growth boundaries	Historic rehabilitation tax credits	Linkage fees
Zoning policies	Joint development	Property tax
Floor area ratios	Logical efficient mortgages	Real estate transfer tax
	Specific economic zones	Special assessment tax
	Split property tax	Sub-division exactions
	Tax increment financing	Tap fees
	Transfer of rights development	
	Use-value tax assessment	

Source: (Silva and Acheampong, 2015[6]), Developing an Inventory and Typology of Land-Use Planning Systems and Policy Instruments in OECD Countries.

Most urban regeneration activities offer a mix of purely public goods, and purely private goods, where there are opportunities for sound public and private investment, but where there are also significant "investment gaps" which can only be plugged by collaborative financing techniques. There are public interests in seeing that finance flows, but there are private interests in the form of likely profits resulting from success. However, there are also risks and costs in terms of private finance that mean the activities are unlikely to be wholly commercially viable. Across the OECD, multiple actors and stakeholders finance urban

regeneration including International Financial Institutions; national, regional and local governments; foundations/NGOs and the private sector (developers and investors). The complexity of urban regeneration means that projects often rely on complex funding streams throughout the lifecycle of the development. Whilst the approach is necessary, external shocks such as the financial crisis can affect outcomes (OECD, 2013[10]). In Busan, public private partnerships are highly effective in supporting projects of varying scale, as demonstrated by the waterfront development, hillside projects and railway station development. However, regional and metropolitan regeneration plans are not underpinned by investment strategies which may weaken outcomes.

OECD noted that whilst the Urban Regeneration New Deal represents significant investment by the public sector which is attracting private sector investment and helping shape new local economies, funding is limited to a five-year time frame. OECD (2018[2]) suggested that institutional and commercial investment may be needed in the longer term to sustain positive outcomes from New Deal projects. In cities such as Busan this will require locally focused financial instruments and asset appraisal. One such approach used widely in the United States which could be used in Busan is Tax Increment Finance (Box 2.9).

Box 2.9. Tax increment financing (TIF) in the United States

Tax increment financing (TIF) emerged in the 1950s as a measure to fund inner-city regeneration schemes and support federal housing programmes. The 1949 US Housing Act had established a federal funding programme for urban regeneration but stipulated the need for match funding. In 1951, California enacted legislation so that TIF could be used as a local financing tool to match the federal funds. The main premise of TIF is that local governments can borrow against the future tax income that accrues from completed developments. The use of TIF grew rapidly in the 1970s and 1980s as the focus of urban renewal expanded into a revitalisation tool to improve the built environment, tackle social exclusion and promote local growth in distressed urban areas.

TIF has continued to evolve as a tool for urban revitalisation and economic development. It is authorised as a financing mechanism in 49 states (the exception is Arizona). Whilst TIF schemes are context specific, designation is dependent on two criteria: blight conditions and meeting the "but for" test that redevelopment would not occur without TIF. An initial study is required that demonstrates the existence of blight, shows how the "but for" condition is met, and designates the TIF area boundary.

Source: (Monk S,Whitehead C, *International review of land supply and planning systems* (Monk S,Whitehead C, 2013[13])

Revamping urban regeneration strategies in Busan

Urban regeneration is a strategic priority for national government and Busan Metropolitan Government. Over the last decade, BMG has created a robust eco-system to support and deliver urban regeneration which has been reinforced through important legislative changes such as the 2013 Special Act and the 2017 New Deal for Urban Regeneration. However, Busan needs to address a number of policy challenges to maximise the investment opportunities that lie ahead, to realise inclusive growth in the city, to retain and grow its young population and to ensure balanced growth across metropolitan areas. Some are

within the authority of BMG and others require national government to recalibrate its authority and legislative frameworks.

Address complexity and duplication at national and subnational levels.

Chapter 1 drew attention to the complex and cumbersome legislative and policy context within which urban regeneration exists. This complex approach can lead to inefficiencies and may require further reforms, for example, whilst the Special Act on the Promotion of and Support for Urban Regeneration allows local governments the flexibility to create tax incentives for urban regeneration, tax legislation has yet to be amended to make this possible (Lee, J. and Nam, 2016[5]). This scenario is not unique to Korea. An effective approach that has emerged in the United Kingdom is to see urban regeneration as part of a low-growth discourse which ensures that all relevant policy interventions and expenditures at local, national and supranational levels are clearly mapped, and the interlinkages and duplications easily identified.

Ensure co-ordination in the planning system to avoid inefficiencies

Land-use planning and urban regeneration are delivered through parallel and interdependent plan-led systems which can lead to overlap and administrative inefficiencies. For example, the Urban Master Plan and the Urban Regeneration Strategic Plan analyse socio-economic development, environmental protection and land-use suitability in a given region which can lead to a duplication of efforts and resources. Furthermore, there is a lack of distinction between the Urban Regeneration Strategic Plan and Urban Areas and Residential Environment Improvement Plan. Although the former has broader planning scope, both plans concern old town revitalisation redevelopment projects (KRHIS, 2015[7]) which can create confusion and duplication.

In addition, the committee oversight for plans and decision making can also present challenges. Resourcing the committees with appropriate experts can prove challenging and certain projects require approval from both the Urban Planning Committee and the Special Committee for Urban Regeneration indicating that the system could become more efficient and effective if joint meetings or mergers were allowed (KRHIS, 2015[7]). In Austria, land-use planning benefits from a dedicated body which includes all tiers of government to co-ordinate spatial planning. Such a body in Korea could integrate land-use and urban regeneration systems with the aim reducing inefficiencies and creating a more holistic approach.

Box 2.10. Austrian Conference on Spatial Planning

The Austrian Conference on Spatial Planning (ÖROK, *Österreichische Raumordungskonferenz*) co-ordinates spatial planning policies between the three levels of government in Austria (the national level, the state level and the municipal level). It is chaired by the Federal Chancellor and its members include all federal ministers, the heads of all federated states and representatives of associations of local governments. Business and labour organisations are represented on the body as consulting members.

The ÖROK prepares the ten-year Austrian Spatial Development Concept and provides a vision and guidelines for spatial development that is shared by all levels of government. The ÖROK has developed an online tool that provides a mapping function of a variety of important indicators at the municipal and regional levels and releases a report on the state of spatial development every three years.

Source: (OECD, 2017[9]), *Land-Use Planning Systems in the OECD.*

Lessons from across OECD countries suggest that continued efforts would be needed to ensure that neighbourhood projects are resilient and achieve viable long-term outcomes and that larger scale strategic sites are shielded from external economic shocks. In Busan, strategic planning will need ongoing attention and reappraisal to ensure that the 2015 Strategy and current master plans guide development, including urban regeneration at the centre and growth management on the periphery of the functional region.

Evaluate systematically the outcomes and impact of regeneration projects

Benchmarking and evaluating outcomes and impact from urban regeneration investments and programmes has long been considered problematic (Ploegmakers and Beckers, 2014[32]), (Tyler P et al, 2010[33]). Urban regeneration tackles multiple problems: the built environment, transport, housing, culture, social inclusion, job creation etc. Defining appropriate indicators to be used by localities, regions, and national governments to measure the progress and impact of urban regeneration must therefore be developed with the input of a large number of public, private and civil society actors. Understanding what works in urban regeneration demands quantitative and qualitative analysis. In 2013, the United Kingdom introduced the "What Works Centre for Local Growth" as an innovative way to align policy makers, academia and experts to address policy challenges through evidence-based analysis. The initiative is run by the London School for Economics, the Centre for Cities and Arup, and funded by a number of national government ministries (What Works Centre for Local Economic Growth, 2018[34]). The Centre has changed the way that local areas and national policy makers approach evaluation and draw on best practice, and the approach could enable Korea to more effectively measure the impact of urban regeneration and New Deal projects.

Ensure investments are available for urban regeneration projects

It is widely accepted that a strategic plan or document should guide development and investment, including urban regeneration at the centre and growth management on the periphery of the functional region. Competitive positioning in a new global economic geography shapes strategic priorities particularly as regards major infrastructure investments and locations for new concentrations of business activities. It also highlights the importance of the cultural assets of a place to attract the skilled workers of the new knowledge industries and tourists. The Busan Regeneration Strategy 2015 and the Regional Strategy articulate the vison for the future and the interventions that BMG will support to regenerate the city. However, the strategies are not supported by explicit investment and funding strategies which is likely to limit progress. Cities are increasingly preparing dedicated investment strategies (OECD, 2013[10]) to support regeneration and economic development plans. These are becoming critical tools that help the public sector implement its plan and help to build confidence in the private sector. In Belfast, Northern Ireland, the City Council has adopted a Regeneration and Investment Strategy for Belfast City Centre, which "sets out a road map of policies to guide city centre decision-making and projects that translate the policies into action. Extensive meetings and consultations with city stakeholders have contributed to the strategy, including the Future City Conference in June 2014 and months of meetings and conversations with all sectors which tested many of the policies, projects and approaches" (Belfast City Council, 2015[35]).

Use urban regeneration as a catalyst for job creation

Busan is facing many of the same challenges as other cities throughout the OECD in terms of job retention and job growth. As a city with an increasingly ageing population and young

people gravitating toward Seoul, regeneration initiatives will need to be supported by explicit employment and skills strategies. In Busan, this will require specific strategies which set measurable targets. In Manchester, urban regeneration is explicitly linked to job creation and skills development and the creation of a City Apprenticeship and Skills Hub will increase the number of apprenticeships for 16-24 year olds by 10% (OECD, 2015[22]). The city purses a holistic approach which connects across all policy areas and strategies. Similar approaches exist in Hamburg and Lyon.

Japan is seeking to address many of the same issues of demographic change though a comprehensive five-year strategy which tackles employment, birth rates, migration and urban development. "Employment Creation Projects for Regional Vitalisation" focus on local employment and skills development to boost productivity and strengthen economic infrastructure, creating quality jobs and subsidies and tax incentives (Government of Japan, 2017[36]). This integrated approach could provide lessons for Busan as a means to retain young people and create local employment opportunities. Urban regeneration has the potential to become a greater catalyst for job creation in Busan and throughout Korea but only if explicit measures are taken to align policies and interventions across government departments and between levels of government.

Note

[1] Urban Commons are spaces that are collectively owned or shared between or by communities.

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Chapter 3. Citizen participation in land-use planning and urban regeneration in Korea

This chapter examines citizen participation in land-use planning and urban regeneration in Korea, and in particular in Busan. It begins with an analysis of citizen engagement in public affairs at national level and the role of local governments in promoting citizen participation. It underlines how citizens are increasingly at the centre of urban regeneration projects in Korea. The chapters then moves on to analyse citizen participation in urban regeneration projects in Busan. It highlights how the Busan Metropolitan Government encourages residents to be more active in urban regeneration projects and the need to match tools to objectives to facilitate citizen participation. Finally, the chapter explores some options to enhance citizen participation in urban regeneration in Busan.

Citizen participation is at the core of national urban regeneration policy

Citizen participation – or citizen engagement – is particularly important for many elements of regional, urban and rural development. "Dialogue between decision makers and local inhabitants is a pre-requisite for sustainable urban development" (Enyedi, 2004, p. 7[1]). Citizens can provide government with valuable information on the state of well-being in their city and even formulate proposals for well-being improvement based on their specific needs (OECD, 2016[2]).

Citizen engagement in land-use planning is also critical to develop a sense of community and avoid resistance or opposition to planning proposals. It may assist government in identifying potential barriers to any given land use which could help authorities work to remove them in advance before a final decision is made. In Korea, like in many other OECD countries, there is a growing willingness on the part of authorities and professional planners to accept input from the public, but most of the tasks in land-use planning involve dealing with conflict. Most of the problem is that in complex planning tasks such as land-use planning, public involvement is seldom extended beyond the public display of the plans and public hearings. In general, governments struggle to find an adequate balance between democratic decision making and scientific expertise (Golobic and Marusic, 2007[3]). The challenge is exacerbated if it is considered that land-use decisions are, for the most part, political ones and technical analysis can only inform political decisions (Susskind, 1981[4]). Moreover, stakeholders normally have different opinions on what use to give to land, and these diverse interests can enormously complicate the straightforward linear rational planning process. The impact of citizen participation in land-use decision making heavily depends on the motives of those who manage and participate in it (Susskind, 1981, p. 199[4]).

Citizen engagement in public affairs is relatively high in Korea

Since the 1990s, Korea has been strengthening the relationship between the government and citizens. The aims have been, like in many other OECD countries, to reinforce public trust in government and public institutions, to respond to citizens' expectations and show that their views are considered in decision making by government. Public participation helps the government to fully capitalise on the value of engagement and consultation exercises, i.e. using stakeholder input to inform, and hopefully improve, decisions. In Korea, after the Roh Tae-Woo administration (1989-93), the consecutive governments promoted the incorporation of civil society organisations into the policy process. The Roh Moo-Hyun administration (2003-08), for example, declared itself as a "participatory government" and increased the financial support to civil society organisations. Nowadays, civil society in Korea is relatively well developed, and civic engagement in public affairs has been improving over the years (Kim, 2011[5]). A central tenet is the belief that the participation of citizens in policy making will produce better decisions and therefore more efficient benefits for society as a whole. Indeed, as research has shown, "… there are a lot of misunderstandings and conflicts concerning the real aim and usefulness of public participation. The main aim of public participation is to help decision making. If authorities neglect public participation, it may lead to protest movements and actions" (Enyedi, 2004, p. 15[1]).

Korea scored 6.4 (out of 10) for civic engagement in the most recent version of the OECD Better Life Index, a similar level as in the United Kingdom and Canada[1]. Civic engagement is one dimension of citizen well-being and is a composite indicator based on voter turnout and stakeholder engagement for developing regulations. Voter turnout in Korea scored

77.2% ranking 11 out of 38 countries (OECD, 2016[6]). The formal process for public engagement in developing laws, where Korea ranks 14 out of 38 countries, is one way to measure the extent to which people can become involved in government decisions on key issues that affect their lives. In Korea, the level of stakeholder engagement in developing regulations is 2.4 (on a scale between 0 and 4), in line with OECD average. It is worth pointing out that across OECD countries, only in Korea are younger voters (aged 18-24) more likely to cast their vote than prime age individuals. "Overall interest in politics is an important factor for social cohesion. This constitutes a key challenge for politicians across OECD to ensure that most citizens feel concerned about politics and participate as actors into the political life of the society" (OECD, 2016, p. 130[6]).

It may be argued that civil society in Korea has been an essential element in bringing about and completing the democratisation process (Huttel, 2007[7]). Korea is an electoral democracy with regularly held free and fair elections on the basis of universal suffrage. Civil society organisations in Korea are now agenda setters as they pursue general and public interest activities in areas such as environmental protection, corruption, welfare, and efficient traffic control (Huttel, 2007[7]). As the experience in some Korean cities shows, civil society also participates in urban development issues.

Local governments have a key role in enhancing citizen engagement

All levels of government in Korea now use an array of engagement strategies and means in the agenda setting, formulation, implementation and evaluation of policies. Korean authorities consider that strengthening relations with citizens is a sound investment in better policy making and a core element of good governance. The different experiences across the country have shown that citizen participation in decision and policy making provides citizens some extent of control over the policy process and facilitates policy making and implementation. For government, it increases trust, transparency, accountability and legitimacy. It strengthens the evidence base for policy making avoiding potential litigation costs, reducing implementation costs, and allowing government to benefit from a greater reservoir of experience and information. Indeed, research has shown that "…the response to the urban challenges must take into account the singular configurations of natural, cultural, and socio-political factors, as well as of the historical past and tradition of each city" (Enyedi, 2004, p. 5[1]).

In Korea, "[l]ocal governments have a key role in implementing citizen engagement initiatives. Even in cases when national legislation provides for public participation, decision making in matters concerning urban development should fall within the competence of local governments" (Enyedi, 2004, p. 7[1]). The reason is that they are at the forefront of government service delivery, and their performance affects overall attitudes towards government. In addition, their proximity to the community gives them unique insight into shared challenges and opportunities. They are exposed to high levels of scrutiny but also to higher levels of interaction with both citizens and the private sector. For these reasons, it is not surprising that across OECD countries many of the most advanced and innovative engagement practices are taking place at the level of municipalities. For instance, the project "Citizen Powered City", implemented jointly by the OECD and Governance International, has collected more than 50 case studies of how public service organisations, in particular at the local level, harness the skills, capabilities and energy of citizens to achieve better outcomes.[2]

Effective citizen engagement can yield a number of benefits, including building trust in government, generating better outcomes at lower cost, securing higher compliance levels

with decisions reached, enhancing equity of access to public policy making and services, leveraging knowledge and resources, and developing innovative solutions. Citizen engagement has different stages, and it may be argued that Korea is in the third stage as it is empowering citizens to take active part in urban regeneration projects (Box 3.1).

Korea, as a whole, is transitioning from a too structured and static form of public participation to participatory planning with a less static process, where mediation becomes very important. Through effective public participation, the community benefits from improved social infrastructure and stability of the community. There is also a better relationship between government and the community and economic prospects for all sides improve. Experience in OECD cities has shown that without citizen participation there could be some expensive planning mistakes.[3]

Box 3.1. Different stages of citizen engagement in policy making

According to OECD research and literature, there are three main stages of citizen engagement that can be identified:

- *Citizen information*: This refers to the provision of information from the government to the public through ICT or granting access to government data. Although this could help build citizens' trust in government, they are not invited to provide any feedback or make any proposal to government.
- *Citizen consultation*: This is a two-way relationship between government and citizens. Government provides information to citizens and they, in turn, are welcome to contribute their views, opinions, and feedback to government for consideration in policy making and decision making. Examples include public opinion surveys, focus groups, workshops/seminars, public hearings and public comment on draft legislation.
- *Citizen participation and empowerment*: This refers to a two-way dialogue between citizens and government. Citizens are empowered to discuss and generate policy options in partnership with government. Examples of participatory decision making and participatory budgeting include citizen juries and citizen forums.

Source: adapted from OECD (2015), *Governing the City*, http://dx.doi.org/10.1787/9789264226500-en.

Citizens are increasingly at the centre of urban regeneration projects

Urban regeneration has become a national socio-economic development priority for Korea. The Special Act on the Promotion of and Support for Urban Regeneration aims to create competitive cities for the well-being of people (Korean Government, 2016[8]). One of its main goals is to empower local residents in that they can take the lead in resolving the issues of their neighbourhood and join the participatory local governance (Park, 2014[9]). For this reason, building a governance system is a mandatory process for the urban regeneration based on the Special Act. Urban renewal is not a new policy for Korea as in 2009 the government passed the Special Act on the Promotion of Urban Renewal (Korean Government, 2009[10]). However, a critical difference of the new Act is that public officials and experts should encourage private citizens to take the lead by helping local residents establish and implement urban regeneration plans for their city (Yoo and Jung, 2014[11]).

Under the urban regeneration plans, residents and local governments are in charge of jointly planning and implementing the projects. The central government's role, on the other hand, is to provide support through means such as financial aid and system reforms as well as feasibility studies of the investments. This reflects a change in approach in Korea as past urban renewal projects have been implemented based on profitability rather than their potential for contributing to the public good and well-being of citizens. The experience of OECD countries suggests that local governments have a key role in implementing citizen engagement initiatives (OECD, 2016[2]). In fact, "sustainable urban development needs a number of changes in attitude and approach on the part of local authorities, urban planners and the local population" (Enyedi, 2004, p. 14[1]).

The Special Act on the Promotion of and Support for Urban Regeneration states that urban regeneration plans should be established by the head of local governments based on resident participation. Moreover, cities must build the Urban Regeneration Master Plan incorporating citizens' views. The Metropolitan Urban Plans and the Do Comprehensive Plans, as well as the Urban Master Plans, are prepared in consultation with citizens (See Chapter 1). In Busan, panels are organised for this purpose where ordinary people and experts take part.

Urban regeneration planning is divided into a) strategic planning, which covers the basic direction, and b) activation planning, which deals with the actual implementation (Park, 2014[9]). The OECD recommendation on Effective Public Investment across Levels of Government emphasises the need to involve stakeholders in needs assessment and the design of an investment strategy at an early stage of the investment cycle (OECD, 2014[12]). Urban Regeneration Master Plans, or the implementation plans, can be divided into economy-based and community-based plans depending on the regional conditions and traits. The objective of economy-based urban regeneration plans is to introduce new economic functions to expand employment opportunities and distribute economic recovery effects to surrounding areas. On the other hand, community-based urban regeneration plans aim to promote local businesses and traits to revive sluggish downtowns and commercial areas and to maintain local communities by improving the poor living conditions of deteriorating areas (Table 3.1).

Table 3.1. Types of urban regeneration planning

	Economy-based plans	Community-based plans
Target business	• Venture business, private start-ups • Large private companies	• Local businesses, community-oriented businesses, cooperatives and other social economic entities
Main participants	• Local economy, culture and art industry experts • Local merchant federations, local branches of Federation of Korean Industries (FKI), local chambers of commerce, other local economic entities • Real estate developers, private investors • Real estate financing institution experts • State-owned companies • Government agencies • Upper and lower-level local governing bodies.	• Residents, community groups, local activists • Local groups of small business owners within the target area • Groups of traditional marketplace merchants • Civic groups • Urban regeneration school for the public (urban regeneration education programme) • Lower-level local governing bodies
Local government's support division	• Economy and industry executive divisions • Creative city executive divisions	• Creative city executive divisions
Target areas	• Areas falling behind, declining, and experiencing severe social issues • Areas with high probability of success in investment	• Areas deteriorating in physical environment, declining in revenue, and experiencing severe social issues
Approach	• Introduce a new function to the entire city or to a particular area and provide foundation for growth	• Design from a public welfare dimension of improving basic living condition

Source: Based on (Lee, 2014[13]), "Urban Regeneration: Two-Pronged Project", *Space and Environment*, Vol. 60, pp. 6-10.

Under the current urban regeneration planning framework, engagement and consultation take on greater relevance because: i) urban planning and regeneration projects are closer to the needs and priorities of citizens, and ii) it allows the right stakeholders to be brought onboard. The experience of OECD countries suggests that better understanding the particular dynamics of different policy sectors (e.g. water, health, education or investment), specifically in terms of stakeholders, accountability needs and risks and impact on people's lives, results in the setting of a better tailored and more relevant scene for engagement (OECD, 2016[2]).

UNESCO's experience throughout the world over the past 50 years has shown that when a site loses the involvement of its community, its conservation problems are worsened. In many cases, regulations intended to protect and preserve historic urban centres have often dispossessed local inhabitants of their ancestral homes to establish them as tourist attractions. Yet without its inhabitants, its social community and neighbourhood life, the site loses all affinity with the collective memory (Enyedi, 2004, p. 5[1]).

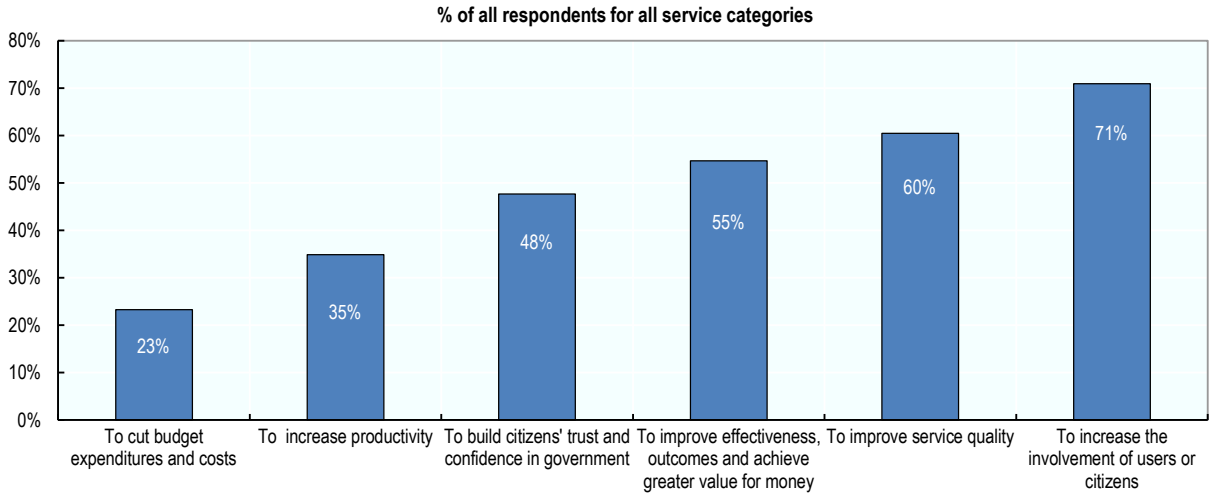
Partnering with citizens in service delivery

The different approaches used for citizen engagement in Korea reflect that government is increasingly partnering with citizens for service delivery and meeting other needs such as improving well-being. Korea, like many other OECD countries, is using user-centred

collaborative approaches in service delivery (also referred to as "co-production") where citizens or service users design, commission, deliver or evaluate a public service in partnership with service professionals. In co-production, because users may at times take responsibility over the initiative for service development, the line between service delivery and policy making can sometimes become blurred.

In a time of increased budgetary pressure and growing demand for public services, these approaches can be a source of innovation leading to greater individual and community empowerment, increased user satisfaction and reduced production costs. The results of an OECD survey on service delivery indicate that for the majority of OECD countries that have adopted some forms of co-production, the objectives are primarily to increase the involvement of citizens (71%) and achieve better quality service delivery (60%) rather than to reduce costs (23%). For Korea, the reasons for partnering with citizens may be to improve the effectiveness of outcomes, improve service quality, and increase the involvement of citizens.

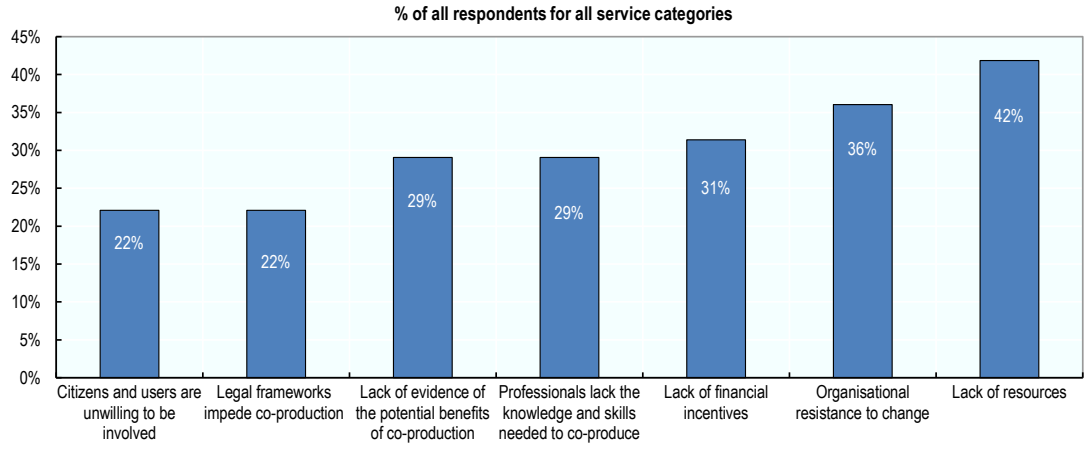
Figure 3.1. Reasons for partnering with citizens in public service delivery (2010)



Notes: 2010 OECD Survey on Innovation in Public Services.
Source: OECD (2011[14]), *Government at a Glance 2011*, http://dx.doi.org/10.1787/gov_glance-2011-en.

However, governments face several barriers to adopting co-production as a means of service delivery. A shortage of resources (42%), organisational resistance to change (36%), and lack of financial incentives (31%) are the most frequent obstacles identified by government officials. For Korea, the lack of professionals with the knowledge and skills for co-production, organisational resistance and the lack of financial incentives may be among the most important obstacles to stronger participatory practices. At local level the lack of resources may be an additional element that prevents government from undertaking participatory mechanisms and strengthening citizen engagement.

Figure 3.2. Barriers to partnering with citizens in public services delivery (2010)



Note: 2010 OECD Survey on Innovation in Public Services.
Source: OECD (2011[14]), *Government at a Glance 2011*, http://dx.doi.org/10.1787/gov_glance-2011-en.

Busan's residents are relatively active in urban regeneration

Busan pursues strong and inclusive urban regeneration strategies. At the heart of this vision lies the ability of the government to design and deliver policies and services that better reflect and meet the needs and preferences of the whole society, including those of the vulnerable communities, in particular the elderly and young people. That is the spirit behind the city's urban regeneration strategies.

Citizen participation in larger regeneration projects is a one-way activity

Urban regeneration projects under the economy-based plan focus on establishing a sustainable economic structure, revitalising the local economy and creating quality jobs. There may be a focus on transparency which implies that Busan may understand citizen engagement mostly as a one-way relationship, whereby the metropolitan government, like in the rest of the country, produces and delivers information to citizens through information meetings, public hearings etc. Information is provided upon the demand of citizens or, more frequently, government disseminates information to citizens. The experience of OECD countries suggests that "consultation most frequently happens in the later stages of policy development, reducing the flexibility to shift course or reshape the policy" (OECD, 2016[2]). This means that Busan authorities may not be fully capitalising on the opportunity provided by citizen engagement, especially in terms of collecting inputs at all stages of the project formulation.

In other instances, government defines the issues on which citizens' views are sought. However, the communication between government and citizens is sometimes indirect. For example, the Korea Housing and Urban Guarantee Corporation (HUG) funds a number of urban regeneration programmes and consults with residents but via experts to check the visibility and feasibility of the project. For some projects, public hearings are organised to inform and collect residents' opinion, but participation is limited as only housewives and elderly people attend due to the timing of the meetings. Young people, when they attend, find it hard to express their opinions in formal meetings as they do not want to contradict their elders, which is a cultural aspect.[4]

OECD studies show that …

> *…almost 80% of OECD countries focus their open government agendas on public consultation while less than 50% are engaging with stakeholders in the design and delivery of public services. This means that countries are not fully capitalising on the opportunity provided by citizen engagement, especially in terms of harvesting people's inputs into the policy cycle at the crucial stages of priority setting and in the definition of policy responses and related public services (OECD, 2016[2]).*

Moreover, local governments and public servants have no experience around citizen participation. According to the information gathered for this study, the priority of local public servants is, for most of the time, to get the job done quickly and in the easiest way possible. Participation is just a tick in a box, but there is no real participation.[5] In some cases, meetings with residents are simply a way to cover a requirement to gain access to subsidies. It is worth pointing out that 5% of the subsidy goes towards financing citizen participation.[6]

Busan Metropolitan Government encourages residents to be more active in urban regeneration

Like in many other cities in Korea, Busan is implementing a community-based approach to its urban regeneration projects at neighbourhood level. This interaction is based on partnership between citizens and government. The reason may be that planners have a limited knowledge of local problems, and statistical data on urban issues and problems cannot express exactly how local people feel about them or how the suggested solutions fit into their cultural traditions. The adoption of this approach is in line with the practices in other OECD countries. For instance, Australia has found out that top-down blue prints for city growth are less effective because they tend to be overtaken by changing circumstances. In this sense, effective metropolitan planning needs to be underpinned by adaptable governance arrangements that engage stakeholders in the decision-making process and implementation (Kelly, 2010[15]).

There is evidence that opportunities for tailored engagement on issues that matter directly to people's lives are on the rise in Busan, as in the rest of the country, especially through the community-based scheme. Under a community-based activation plan, Korean citizens propose policy options or urban regeneration options and shape the dialogue with the local authorities, although the responsibility for final decisions rests with the local government. This is a way of recognising the capacity of citizens to discuss and generate urban regeneration project proposals independently. It requires government to ensure that project proposals generated will be seriously taken into account. Urban regeneration experiences such as the Gamcheon Cultural Village (Box 3.2) have the potential to transform a dilapidated and impoverished area into a cultural and tourist destination. Busan Metropolitan Government focuses on small villages to encourage residents to identify the real problems and come up with ideas for improvements such as small enterprises. Residents are encouraged to participate from early in the planning process through to the implementation stage. The Gamcheon Cultural Village is an example of urban regeneration led by citizens with a few dedicated artists acting as activists or facilitators. Any resident in the village can explore projects they would like to undertake according to their needs and get expert opinions until the implementation stage. However, it is now the local government that runs the project to expand the business model. It must be stated that urban regeneration projects in Busan led by the metropolitan government follow a different governance structure and procedures from those of the Special Act on Urban Regeneration.

Differences can be found in the composition of implementation teams, establishment of assistance centres, set up of consultative bodies for residents and businesses, and organisation and operation of urban regeneration consultative bodies (see Chapter 2). This is because at national level the Special Committee on Urban Regeneration sets national priorities, whereas the Local Urban Regeneration Committee defines major urban regeneration policies for its territory.

Box 3.2. Gamcheon Culture Village – a successful community-based urban regeneration project

Gamcheon Culture Village is located in Gamcheon-dong, Saha-gu in Busan Metropolitan City. In the 1950s, Taegeukdo devotees and Korean War refugees gathered to form the town. In the past, the region had a reputation as having fallen behind with its development under the name of Taegeukdo Village. At the end of the 20th century, Gamcheon region was gradually becoming a slum; people were leaving the town due to new city development and industrialisation, and the number of vacant houses was rapidly increasing.

In 2009, Gamcheon Culture Village began to transform itself through art projects. Currently, wall paintings and sculptures are displayed all over the village. Through a series of projects, including the Dreaming Machu Picchu project in 2009, the Miromiro Alley project in 2010, the Sanbokdoro Renaissance project in 2011, and the Twice the Pleasure project in 2012, the village was transformed to its current shape. The village came to be known as Gamcheon Culture Village as small cafes and shops opened in the village. The village's selection for the Ministry of Culture, Sports and Tourism's village art promotion project in 2009 was a key moment for Gamcheon Culture Village. Following the selection, artists and residents in the Busan area who lived in Gamcheon Culture Village collaborated to revitalise the region by harmonising the existing facilities as part of an urban reconstruction project.

The village has been awarded several prizes for its success in urban regeneration, most recently the International Award "UCLG-MEXICO CITY-Culture21" as a leading city for its contribution to culture and sustainable cities.

Sources: Kim, Hong and Lee (2017[16]), Plans for Solving Problems of Residents of Gamcheon Culture Village with Design Thinking, International Journal of u-and e-Service, Vol. 10 No.6 pp.115-122, 10.14257/ijunesst.2017.10.6.11; Busan City News (2018[17]) Gamcheon Culture Village Recognized for its Successful Urban Regeneration Project, https://hapskorea.com/gamcheon-culture-village-recognized-for-its-successful-urban-regeneration-project/.

There are three main actors in the participatory process: residents (including the private sector), the administration, and experts (master-coordinator, head of the Urban Regeneration Support Centres, and local activists). Their degree of involvement depends on the type of project and the circumstances. The role of the activists is very important because they facilitate the communication between government and residents, provide direction and ideas to citizens and may have a vision for the project. At the moment, the process is still top down and changing to a resident-driven bottom up process. In the future, it is expected that the participation process will evolve to include horizontal multi-directional communication in decision-making. The role of the expert will evolve into that of a facilitator rather than a decision maker. The experience of Seoul Metropolitan

Government in urban regeneration shows that, to a large extent, the key to success depends on active civic participation and co-operation between government and experts (Choi, 2017[18]).

The community-based approach for urban regeneration plans has several key features:

- *Take a neighbourhood-level approach*. Local communities become more important because they provide members a sense of belonging and identity. Such communities provide channels for residents' participation and governance. They are the most efficient unit that has the potential to contribute to enhancing the quality of people's lives to the point where people can actually feel the positive changes (Lee, 2014[13]).
- *Encourage the participation of diverse groups and individuals*. The active participation of the various stakeholders in a community makes it possible to comprehensively diagnose the problems in the community. Their concerns and understanding of their community are the basis for identifying the current issues and envisioning the future of the neighbourhood (Lee, 2014[13]). To be successful, it is important that these projects ensure that no particular stakeholder is excluded from the project. This ensures the viability of the project and the sustainability of the community.
- *Make comprehensive improvements to soft and hard frameworks*. These projects create an environment in which residents possess a sense of ownership and participate fully in solving the problems within the community. In order to do so, a "soft" framework consisting of an operational organisation, financing system, co-operation system, and a set of ordinances is established. At the same time, improvements are made to the quality of the "hard" framework, the physical environment such as roads, parks, houses and commercial buildings (Lee, 2014[13]).
- *A long-term community vision*. For urban regeneration plans to succeed, it is crucial to establish a long-term vision shared by all community members and to conduct individual action plans continuously and in stages from a macro perspective (Lee, 2014[13]). Mutual understanding and co-operation among the different stakeholders are essential.

Busan follows a territorial fragmentation of dialogues

The community-based approach for urban regeneration plans allows Busan to design a territorial framework of public participation. The reason is that the problems to be solved or the development projects usually concern only a part of the city. The effects of a new investment should be clearly put on the map to identify the competent authorities and the local inhabitants who will be affected and therefore should be involved in the decision-making process. This is the case in Gamcheon Cultural Village and the Sambok mountains road regeneration projects.

Experience shows that " [u]rban renewal and spatial segregation involve only a few blocks, in this case neighbourhood units are the most convenient spatial frameworks" (Enyedi, 2004, p. 19[1]). It also demonstrates that it is more complicated to organise public participation on a metropolitan level. In the rapidly growing metropolises, metropolitan governance has to face new tasks, from land-use planning to urban public transport and social housing, tasks which frequently remain outside the traditional regulatory framework.

According to Enyedi (2004[1]), across the world

> *…the "public" is not a homogeneous group of people. It is composed of ordinary citizens with diverse cultural, educational, political and socio-economic characteristics. They also have different and at times competing interests. Consequently, the appropriate and necessary level of participation of the different "publics" may vary and could range from simple provision of information in some cases to more active involvement and even self-determination in others (Enyedi, 2004, pp. 21-22[1]).*

Box 3.3. Formal and informal types of public participation

Public participation may be formal when it refers to the act of informing citizens about planning intentions and investment projects and getting their opinion and views. Examples of formal participation could be: i) public meetings of local authority organisations (e.g. town council), ii) obligation to inform the public in good time about major planning projects at the local authority level, iii) opinion polls, and iv) involvement of informed members of the public in the work of committees.

Public participation may also be informal, which lacks decision-making power. Its importance resides in the hope that informed and sound debates will be persuasive enough to impact decision making. Examples of informal public participation include municipal forums, round table discussions, future prospects workshops, focal referenda, public expert reports, research workshops, etc.

Source: adapted from Enyedi (2004[1]), Public participation in socially sustainable urban development, http://unesdoc.unesco.org/images/0013/001355/135555eo.pdf. (accessed on 20 September 2018)

Matching tools to objectives to facilitate citizen participation

Busan authorities have a number of tools to promote and facilitate citizen engagement in urban development. Across OECD countries,"[n]ational and sub-national governments tend to use different forms of citizen engagement, to do so at different moments within policy cycles and to employ methods, which can range from national referenda to town hall meetings" (OECD, 2016, p. 18[2]). On land-use planning, for instance, most of the existing participatory planning approaches rely either on public opinion surveys or on workshop techniques, but each method has its own strengths and weaknesses, which mainly depend on the problem situation (Golobic and Marusic, 2007[3]). The use of the tools depends on the objectives pursued and the target group. For instance, when Busan Metropolitan Government engages in the active provision of information it produces reports, brochures and leaflets. It may also use different delivery mechanisms which may be either direct (e.g. information centres) or indirect (e.g. media coverage, civil society organisations as intermediaries). Most of the models of public participation are designed for a few dozen people. Clearly, only a few of the city's inhabitants can take part. Hence, great care must be taken in selecting participants in order to avoid subsequent claims of manipulation.

When Busan Metropolitan Government seeks feedback on policy issues or urban development projects from a broad range of citizens, it uses tools for consultation that provide a greater level of interaction such as public hearings, citizens' panels, workshops, etc. However, according to the interviews held by the OECD secretariat in Busan, these instruments are not frequently used. Following national guidance, Busan Metropolitan Government is engaging citizens in more active participation in urban regeneration, thus it

has used tools that facilitate learning, debate and the drafting of concrete proposals such as citizens' forums and citizens' juries. In Busan, like in other Korean cities, there are urban regeneration support centres that provide capacity building programmes on urban regeneration for local citizens.

OECD research suggests "[t]here is an opportunity to fully tap into new technologies and the possible approaches that arise from them (e.g. social media, mobile government or open data) to better align engagement with the rapid pace of policy making. While this insight is not new, comparative analysis suggests that more can be done" (OECD, 2016, p. 19[2]). ICT is also used as a tool to bring the administration and citizens on line. There is an increasing amount of information on-line regarding the vision of urban development and urban regeneration projects, although the quantity, quality and range varies greatly. ICT is also helping to make consultation easier, mostly for the younger generations as they find it easier to provide their views on line. There is no evidence, however, on the use of online tools in Busan to actively engage citizens in online discussion groups to discuss urban regeneration programmes or for them to come up with a joint solution to a neighbourhood's problem.

Enhancing citizen participation in urban regeneration

Korean citizens in general, and Busan residents in particular, are increasingly demanding and seeking opportunities to participate actively in shaping the future of their city and neighbourhoods. In response, Korean authorities at national and local level have adopted ways to include citizens and civil society organisations in policy making. Examples of successful citizen engagement in urban regeneration projects can be observed in different parts of the country (see Chapter 2).

Conduct ex ante planning to engage citizens in land-use planning and urban regeneration projects

One of the key lessons from international experience in engaging citizens in policy making is the need to conduct ex ante planning. The experience of Chile through its programme for recovering disadvantaged neighbourhoods epitomises this case. In Valparaíso, actively partnering with community residents led to programme outcomes reflective of citizens' needs, desires and aspirations, more appropriate prioritisation of action and funds, more efficient use of resources and, ultimately, more effective policy making (Box 3.4).

Box 3.4. Community involvement in Chile's neighbourhood recovery programme: *Quiero mi Barrio*

In 2006, Chile's Ministry of Housing and Urbanism (MINVU) launched the national programme *Recuperación de Barrios: Quiero mi Barrio*, aimed at recovering disadvantaged neighbourhoods. National and regional government authorities in Valparaíso, noticed that when community leaders did not conduct inclusive ex ante planning, the programme had poor results. However, when communities conducted planning based on strong ex ante participation among a wide range of stakeholders, results tended to be positive.

Source: adapted from OECD (2017[19]), *Making Decentralisation Work in Chile: Towards Stronger Municipalities*, OECD Multi-level Governance Studies, http://dx.doi.org/10.1787/9789264279049-en.

In order to ensure that engagement does not simply occur when a problem is perceived, more effort may be needed to listen to citizens' opinions. This can mean improving communication at the early stages of planning so that urban projects or development programmes do not reach the "threat" stage. One way to do so is by bringing relevant stakeholders into the process early on. This is certainly antithetical to the current multi-level governance structure as it can put government plans at risk regarding large regeneration efforts or infrastructure projects. However, it can also better support trust and avoid incurring unnecessary costs of "undoing" a project very late in the process if citizen influence is strong enough.

Moreover, it would be necessary that Busan authorities guarantee the involvement of citizens in the land-use planning process and that they connect local existing knowledge with scientific evidence. Busan needs to use local knowledge as an input for an interactive participative planning process, where conflicts, if they exist, are resolved in a communicative and consensual way. The challenge is to establish a common language between citizens and planners. For this, Busan Metropolitan Government may wish to consider the experience of Komenda, a municipality in the metropolitan area of Ljubljana, Slovenia, which acquired people's knowledge through questionnaires and transformed it into suitability models. Computer models proved effective in in focusing the debate and helping to get constructive and creative results (Golobic and Marusic, 2007[3]).The reason is that land-use planners spend a lot of time finding alternatives, forecasting impacts, and weighing costs and benefits, and although these are partly technical tasks they require value judgements (Susskind, 1981[4]). Government must present citizens with different alternatives as that helps to mediate conflict. "Effective citizen participation [in land-use planning and urban regeneration projects] must move toward the ideal of consensus building" (Susskind, 1981, p. 199[4]). Consensus building puts the land-use planner in a mediator role and its success depends on the ability of the planner to bring all the parties to the bargaining table to develop a shared commitment. Consensus building is extraordinarily difficult, but it underlines the importance of value judgements in land-use planning and helps to justify the resolution on any land use approved.

The comprehensive use of lay knowledge requires that government organisations be transparent about what they do and responsive to what citizens tell them. It also means that a government needs to shift its perspective about the relationship between citizens and public policy, from one where citizens are the recipients (objects) of public policy to one where citizens are the reason for – or focal point (subject) – of the policy. This can mean a

significant amount of cultural change in a government organisation. Centres of expertise on citizen engagement can promote a supportive engagement culture, better institutionalise citizen engagement practices, and serve as a useful resource for decision makers.

Invest in evaluating the outcome of citizen engagement strategies

Despite progress, one of the main weaknesses of the citizen engagement strategies/practices in Busan is the lack of evaluation of the government's actions to enhance citizen participation in urban regeneration. Busan needs to: i) evaluate, in a systematic way, the effectiveness of public participation exercises; and ii) develop the tools and capacity to evaluate its performance in providing information, conducting consultation and engaging citizens in order to adapt to new requirements and changing conditions. There seems to be an imbalance between the amount of time, money and energy that authorities invest in engaging with citizens and civil society organisations and the amount of attention they pay to evaluating the effectiveness and impact of such efforts.

The question for Busan Metropolitan Government is how to construct stronger channels for constructive citizen engagement within the current framework of participation. Part of the answer may lie in the potential for learning provided by the evaluation of the current schemes of public participation in urban regeneration projects. Some elements Busan authorities may consider are:

- The specific objective pursued through engagement needs to be clearly defined from the outset. In this way, the most appropriate mechanism can be considered, rather than defaulting to a standard approach.
- The effectiveness of engagement initiatives relies on their relevance, both in terms of the scope of the policy issue at hand and the representativeness of the social groups and stakeholders involved.
- For engagement and consultation to have a policy impact there must be an explicit link between the results of engagement and how they feed into the policy process.

Busan authorities may also consider assessing the impact of the engagement practices in urban regeneration projects, both at the level of output and process measures and the improvement of outcomes. "A focus on understanding the costs and benefits of engagement, in terms not only of the process but also of its results, today and in the future, can further assist local policy makers in deciding when and how engagement can be best applied to support decision making" (OECD, 2016[2]).

According to Frewer and Rowe (2005, p. 102[20]), in order to control the quality of evaluation, this should be done so that different evaluations are comparable across time and across exercises. It is also essential that the evaluation of the exercise be commissioned at the same time as the exercise itself, to permit evaluation of the development of the exercise. Evaluation against validated criteria is essential if the public participation exercise is to be taken seriously by participants and is to form the platform from which public opinion can be incorporated into policy processes. Failure to evaluate may result in cynicism on the part of both participants and external observers as to the merits and utility of the exercise. And once again, in addition, policy impact should be assessed. The results of both exercise and policy impact evaluations should be fed back to both participants and the general public, as it is the difference that the exercise makes to policy outcomes that may increase public confidence in the policy process.

Evaluation of the citizen engagement process is one of the OECD Guiding Principles for Successful Information, Consultation and Active Participation in Policy Making. It calls for the collection of data on key aspects of the participation initiatives, development of appropriate tools for evaluation, and engagement of citizens themselves in evaluating government's efforts to reinforce government-citizen relations.

Even the European Commission has undertaken an evaluation of its consultation practices. The exercise has underscored some lessons for improvement of the process itself and new opportunities for the general public to participate actively in consultation processes. The results were included in a Better Regulation Package adopted by the European Commission (Box 3.5). This experience provides Busan authorities with a methodology for evaluation of participatory practices and shows the benefits of conducting such exercises, such as continuous improvements. Busan authorities need to have an understanding of who participates (e.g. willing and able, willing and unable, and unwilling) and what factors may be influencing participation. Better data on who participates in engagement is required. This would include information on whether it is citizens, organisations, or both that participate in engagement, as well as data on location and other social indicators, including participants' education and income levels. NGOs in Busan could monitor the performance of public participation processes.

OECD research has concluded that countries need to invest more in assessing, where possible, the impact and cost-effectiveness of engagement practices.

Evaluating engagement practices is closely linked to the importance of keeping engagement flexible. Strategic choices about which engagement mechanisms to choose depend on places, times, objectives, stages of the policy cycle, etc., and they can be informed by monitoring and the outcomes of evaluation. As a result, governments can make choices that are better and more tailored to the specific needs of each context and the scope of the policy decisions at hand. In addition, more information on implementation and impact would provide policy makers with insightful information to better design engagement efforts to ensure that better policies are created through engagement, leading to greater public value (OECD, 2016, p. 20[2]).

Box 3.5. European Commission evaluation of its consultation practices (2012)

The 2012 review of the European Commission's consultation policy is a comprehensive report that addresses issues such as the openness and reach of consultation and the use of input received during consultation. It provides indicators concerning the Commission's consultation practices such as: the type of consultation, consultation tools, languages and length, and the availability of consultation outputs. The report also provides recommendations to improve the quality of consultation, for example:

- Adjusting the minimum standards
- Improving planning, for example by publishing a rolling calendar of planned consultations online
- Improving follow-up and feedback, for example through developing alert systems to notify respondents at key stages throughout the policy-making cycle.

In 2015, the European Commission's consultation practices were further refined by including new opportunities for the general public to participate in consultations. Reforms also included new methods of engaging stakeholders in the ex post evaluation of regulations.

Source: adapted from OECD (2014[21]), *OECD Framework for Regulatory Policy Evaluation*; European Commission (2015[22]) *Better regulation for better results - An EU agenda* http://ec.europa.eu/smart-regulation/better_regulation/documents/com_2015_215_en.pdf (accessed on 23 April 2019).

Clarify accountability issues in urban regeneration plans

Engaging individual citizens and civil society organisations as partners in the design and execution of urban regeneration plans is supposed to lead to higher citizen satisfaction and, potentially, cost reductions for the public sector. Re-balancing the partnership between government, individuals and communities in urban regeneration will require further assessment – not least in order to quantify the potential savings and assess any unintended consequences whereby costs and accountability are shifted onto users and citizens. Business cases would need to be developed, based on the broader concept of value for money.

Collaborating with citizens may generate accountability challenges. "Engaging citizens and the third sector (i.e. non-profit organisations) as partners in urban regeneration allows for a shift in power between local government and citizens. This challenges existing organisational values and practices in the public sector, and has real implications for accountability" (OECD, 2011, p. 12[23]). Another important issue to keep in mind is that the people involved in the urban regeneration project should be representative of the community or neighbourhood where the project is taking place.

Improve the environment for effective citizen participation

A key challenge for Busan, as it is for Korea as a whole, is to improve the environment of citizen participation to make it more conducive and supportive. "Immediate strategies include the reduction of physical and informational barriers to participation, coupled with the enhancement of the capacity, skills and knowledge of citizens to be able to contribute meaningfully to policy deliberations and actions" (Kim, 2011, p. 89[5]). In this case, Busan

may want to "…increase opportunities for engagement; gain a better understanding who participates; enhance the focus on evaluating the quality of outputs and outcomes (i.e. cost benefit analysis); and … broaden the scope and scale of engagement efforts" (OECD, 2016, p. 4[2]). Moreover, in a quest to increase the participation of men and women from different socio-economic backgrounds, having a wider range of policy objectives may be considered (OECD, 2016[2]). Factors that matter in providing enabling conditions for effective engagement include political and cultural attitudes, supporting legislative frameworks, and adequate institutional co-ordination mechanisms, capacities and incentives. It is important for Busan authorities to continue raising confidence among stakeholders that their input will be used in policy making or the definition of urban regeneration projects; failing to do so may discourage them from engaging in future exercises. Participatory approaches should become the driving force of urban management. If the inhabitants are to become the guardians of their city, they must be given the means to learn about and appropriate their city. It is of the utmost importance to clarify beforehand how the "success" of participation will be measured, by whom and on the basis of what objectives (Enyedi, 2004, p. 18[1]).

The experience of the city of Suwon provides an excellent example of how a city can cultivate residents' engagement to instigate local changes, building on individuals' abilities and motivations, in this case to reduce emissions (Box 3.6). This is the kind of engagement that cities must nurture if they want to receive the community support and buy-in they need to implement changes. Suwon's EcoMobility Festival was successful because it relied on multi-stakeholder arrangements and support from city residents through the creation of the Resident Committee for EcoMobility Promotion and the Citizen Volunteer Corps. The project also demonstrated the potential of collaboration across institutions from different levels of government (Babinard, 2018[24]). Research has shown that "[u]rban planning and development require an accurate political organisation, involving the participation of actors at different levels, with a real distribution of responsibilities for the elaboration and the management of urban policies" (Enyedi, 2004, p. 5[1]).

Box 3.6. Engagement of citizens in promoting environmentally friendly public transport: the case of Suwon

Like many other cities in the world, the city of Suwon in Korea encouraged the use of cars in the past. To change this mobility pattern, officials decided to ensure residents could be directly involved in the design and implementation of its urban transport strategy. Thanks to active citizen participation, Suwon now has a socially and environmentally sustainable transport system that reflects citizens' mobility needs. One example of this new approach to mobility was the launch of the EcoMobility Festival in 2013 and its commitment to reducing carbon emissions by 2030. As part of the initiative, the city government pioneered the concept of "barrier-free" mobility by seeking to remove obstacles that could limit the physical accessibility and mobility of residents. It introduced wider walkways, smooth walking surfaces, curb cuts and ramps.

The EcoMobility concept helped to establish a hierarchy of urban transport modes. During the festival, the city launched a month-long car-free campaign, which led over 4 300 residents of the Haenggung-dong district to leave their vehicles at home and shift instead to cycling and walking. The municipal government invested in infrastructure works to make the city more walkable by creating sidewalks, repaving roads, and renovating public facilities.

The festival helped to change residents' perception of what makes a city liveable and raised awareness about the importance of more environmentally friendly transport modes and urban infrastructure. At a national level, the positive impact of the project on the urban environment was recognised by the 2013 Korean Cityscape Grand Award sponsored by the Korean Ministry of Land, Infrastructure and Transport (MOLIT).

Source: (Babinard, 2018[24]), *Sustainable mobility and citizen engagement: Korea shows the way*, Transport for Development, http://blogs.worldbank.org/transport/sustainable-mobility-and-citizen-engagement-korea-shows-way (accessed 31 July 2018).

The national government, through the Ministry of Land, Infrastructure and Transport (MOLIT), may draft a guiding document on how cities can promote citizen participation in urban development projects. Across OECD countries, it is common for national ministries to have an overarching document (e.g. a strategy, policy, law, internal directive, guide, manual, etc.) that within the framework of a broader topic includes specific guidance on how to promote citizen engagement. "Making it relevant to stakeholders matters, and it serves to overcome barriers to participation" (OECD, 2016[2]). An approach MOLIT may consider while drafting guidance to promote citizen participation in urban development and regeneration is the Japanese *Machi-zukuri* (Box 3.7). Under this inter-community dialogue and community-government engagement, decentralisation and citizen participation are fundamental underpinnings of planning. This approach emphasises a bottom-up process and neighbourhood planning. There is a re-evaluation of the individuality of local areas. Participants are largely self-selected, especially during the initial development phase (Evans, 2010[25]).

Box 3.7. Machi-zukuri – the Japanese urban planning approach

Machi-zukuri is the Japanese urban planning approach by which local residents co-operate with the local government to improve the quality of life in their neighbourhood. This approach aims to create community unity, a multi-social sector network, and to facilitate involvement in government decision making. It uses several participatory tools and techniques, such as town meetings, deliberations, consensus building, negotiation, information and opinion sharing, and local leadership. This approach seeks to achieve a balance between the "soft" aspects of planning, such as fostering local identity and community spirit, and the more traditional focus on planning for roads and other physical infrastructure.

Source: (Evans, 2010[25]), "Machi-zukuri as a new paradigm in Japanese urban planning: reality or myth?", http://dx.doi.org/10.1080/0955580022000008745org/10.1080/0955580022000008745; (Fletcher, 2016[26]), *Machizukuri*, https://participedia.net/en/methods/machizukuri (accessed 6 August 2018).

The experience of Vancouver, Canada, on citizen engagement stresses the importance of having a co-operative attitude to governance which should include citizens and civil society organisations. The difference between Vancouver and Busan is that while Vancouver has a more participatory process to discuss urban regeneration projects prepared by government, Busan encourages citizens to make the proposals themselves (Box 3.8). Nevertheless, Busan may learn from the Vancouver experience that it is always necessary to explain to citizens the pros and cons of different decisions and the consequences of different proposals. The important issue is that citizens should perceive the final decision as theirs. Sustainable urban development depends to a very large extent on whether the public's encounter with democracy at the local level is a stimulating and satisfactory experience. "Managing social transformations in cities should become a process of expanding people's capabilities and entitlements, of enlarging the range of choices" (Enyedi, 2004, p. 5[1]).

Box 3.8. Citizen participation in urban planning in Metro Vancouver

In the metropolitan area of Vancouver (Metro Vancouver), the development vision has evolved due to the strong participation of citizens in urban planning over four decades. This has allowed for the consolidation of Vancouver's urban development principles such as transport choice, green areas and other elements despite changes in government. Public engagement has been critical to developing a well-supported vision and plan for the city and the region. Government presents citizens with several urban development options along with their respective pros and cons. The premise was that there was no right or wrong answer, just different outcomes. This kind of engagement led, for instance, to agreement to build more housing choice in lower density neighbourhoods.

In Vancouver there is a strong political culture that the 22 local governments should work together. Municipalities are responsible for applying the regional plan in a way that they feel best meets their particular needs and development goals. Engagement with NGOs, civic groups, and businesses is an integral part of the co-operative governance practice in the region.

Source: adapted from Kelly (2010[15]), *Cities: Who Decides?*, https://grattan.edu.au/wp-content/uploads/2014/04/052_cities_who_decides.pdf (accessed 25 May 2018).

To contribute to an environment of effective citizen participation, local authorities in Busan could: i) supplement formal public processes with regular, informal and transparent dialogues and interaction with their constituents through which the local politician informs and is informed by the public on matters of mutual concern; ii) use a variety of communication tools in order to reach as many people as possible in the neighbourhood and evaluate the effectiveness of each tool; iii) conduct public business in scheduled and publicised open public forums, including forums within communities and neighbourhoods; iv) promote a culture of debate with a language and vocabulary that are understandable to people from different backgrounds; and v) give feedback and inform people how their contributions are affecting the decision-making process. The experience of the City of Surrey in the metropolitan area of Vancouver, Canada, provides useful practical lessons on how to promote civic engagement and maintain high levels of credibility (Box 3.9).

Box 3.9. Lessons from Surrey, Canada, on promoting civic engagement

The city of Surrey, in the metropolitan region of Vancouver, consults at least three times with citizens at different stages of the planning process. Promoting citizen participation in urban development issues such as land use, transport and housing requires having a good understanding of what the local or regional authority wants to achieve. Authorities should be clear on whether they want to inform or gather input as it is important that citizens are clear from the outset about the objectives of the exercise as a way to manage expectations. Having a good plan determines who can take part and for what reason. Once authorities receive feedback from people, it is necessary to share it back with the community as a whole. Reporting on what was heard and how it was heard is of the utmost importance to maintain credibility, as normally people want to understand how their feedback has been used. To promote citizen participation, local governments need to reach out to the people as they would never or very seldom approach government with their ideas or feedback. Government has to take the initiative. The messages should be simple as people should not feel overwhelmed. The use of ICT is facilitating the interaction between citizens and government, but consultations on line should be quick (2-3 minutes) and short (4 questions maximum).

Source: Discussion between OECD Secretariat and Surrey officials.

Boost the capacities and skills of the local public sector for engaging with citizens

Public participation in Busan, like in many other cities in Korea, is hampered by insufficient skills and capabilities of the public sector associated with the importance of engaging with citizens. "Preparing public sector staff for new professional roles – as advisers rather than producers – requires developing new knowledge and skills, and covering costs for training and change management" (OECD, 2011[23]). In some cases, inefficient training on how to constructively involve the variety of different groups willing to take part in public processes, inaccurate or inaccessible data and information, reliance on inefficient communication channels and mechanisms, and lack of confidence among the participants are some of the barriers that limit the effectiveness of citizen engagement in urban regeneration.

The OECD has found that:

> *Building capacity to support participatory practices at the local level starts with a willingness for politicians and civil servants alike to listen to and speak with citizens, and to see citizens as more than just a voter but rather as a partner in generating positive policy outcomes. Civil servants may often be reticent to engage with citizens. Incorporating management and training activities focused on dialogue between local public servants and citizens serves as a channel for adjusting the attitude of public servants, thereby contributing to shifts in organisational culture (OECD, 2017, p. 398[19]).*

Busan authorities may need to ensure that land-use planners, for instance, have the technical skills to carry out a market analysis, prepare an economic impact statement, and map a floodplain. In Australia, for example, Value Creation Workshops are undertaken with citizens so that public servants and policy makers can receive people's opinions and

views for better services (The Value Creation Group, 2001[27]) . In Canada, public sector managers at all levels of government rely on the Common Measurements Tool to better gauge citizens' expectations, assess levels of satisfaction with and the quality of the service provided, and identify new opportunities and priorities for service improvement (Institute for Citizen-Centred Service, n.d.[28]).

To increase and more effectively use public servants' skills and capabilities, Busan Metropolitan Government could: i) allocate more resources to support general and project specific information and involvement; and ii) require training in communication and process management for officials and managers, and allocate the resources necessary to support such training. Local government officials should develop programmes, structures, strategies and feedback mechanisms to increase communication and information sharing among agencies, organisations and communities and provide for staff training on public participation tools and techniques. NGOs could provide training for local politicians and administrators on tools, techniques, cost and benefits of greater and more effective public involvement efforts and develop training programmes. The urban regeneration plans require "…professionals to change roles, becoming advisers, navigators, brokers, service providers, risk assessors, and auditors. New skills need to be set to manage more dialogue and collaborative approaches" (OECD, 2011, p. 88[23]).

MOLIT could create a database on public participation programmes, methods, tools and techniques to aid public participation and make this available to local governments. However, it must consider that the potential of the methods depends on the particular context of every local authority and the issues at stake (OECD, 2016[2]).

Conducting large-scale public engagement can require a great deal of expertise. It requires communications, managing relationships and a wealth of information across multiple platforms (online, event driven etc.). In order to support this, it can be very useful to have a central organisation which has expertise in such processes, can co-ordinate between different ministries/organisations and levels of government, and can create standards and regularity around the engagement process. Busan may consider creating a centre of expertise to help build the body of knowledge and experience gained from citizen engagement, and commit it to institutional memory. It can also help to ensure that practice is evidence-based and evolves over time. Such centres can support the evaluation of proactive engagement, test new approaches, develop a business case for engagement, spread relevant knowledge and skills, and eliminate organisational barriers. At the same time, centres of expertise complement but do not replace the need for government officials to develop their engagement capabilities. One alternative is to give a more active role to the Planning Institute of Busan following the example of the Prague Institute of Planning and Development (IPR Prague) and its Office of Public Participation (Box 3.10). Busan and the Planning Institute could work on a participation manual as an instrument to explain the modalities of participation to the wider public. The manual could help city districts and other authorities to get citizens involved in the development of the city. Moreover, this could provide Busan with professional support on engaging with citizens.

Box 3.10. Office of Public Participation at IPR Prague

In the Czech Republic, in 2015, the Prague Institute of Planning and Development (IPR Prague) opened its Office of Public Participation as a response to the growing demand for the involvement of Prague citizens in urban planning. It elaborated a Participation Manual approved by the Prague City Assembly in 2016. This document helps city institutions and districts to understand participatory processes and improves their ability to involve residents. In September 2017, IPR opened a new Centre for Architecture and Metropolitan Planning. Its work programme includes public debates, appearances by local and foreign experts, workshops, screenings and other activities. Its main mission is to improve the current form of public debate on the development of Prague.

Source: IPR Prague, http://en.iprpraha.cz/uploads/assets/Basic%20information%20about%20IPR%20Prague.pdf (accessed 17 October 2018)

Korea, and Busan in particular, may wish to analyse the experience of France's National Commission for Public Debate (*La Commission nationale du débat public*, CNDP) (Box 3.11). The reason is that large-scale urban regeneration projects are, in many cases, a common source of land-use conflict. They are costly, complex, typically land intensive and for all of these reasons, involve risk. Given this, meaningful public engagement in decision making is an important part of the policy process. This entails raising public awareness about the scope, cost, location and timeframes for a project early on in the process to gather information and opinions on various elements. At their most involved level, such engagement practices include citizens in some element of decision making. There are several purposes to such public engagement efforts. For example, including the opinions and ideas of citizens (or stakeholders) in an urban regeneration project or in land-use planning processes can lead to more and better information with which to design or deliver a project. It may unveil important information about local conditions and uses. A diversity of perspectives can uncover gaps in a project that have not been addressed. Further, public engagement efforts are often used as a way to resolve conflict prior to undertaking a project. They lay bare the various dissenting opinions which can then be addressed upfront, before greater conflict emerges. Finally, by opening up projects to deliberation and debate, governments can build legitimacy around the final outcome, even if consensus is not achieved.

Box 3.11. Fostering civic engagement in France

In 1995, the French government established the National Commission for Public Debate (*La Commission nationale du débat public*, CNDP) to ensure the participation of the public in the development of major projects of national interest that have strong socio-economic impacts and/or significant impact on the environment or land. The Commission:

- Ensures compliance with good public information throughout the phases of the project (implementation to completion)
- Advises authorities on public consultation throughout the duration of the project
- Ensures the collection of all opinions and recommendations are subject to a common methodology.

The CNDP is composed of a president, 2 vice presidents and 22 members from different backgrounds (parliamentarians, local elected officials, members of the State Council, the Supreme Court, the Court of Auditors, associations, employers, trade unions etc.) which ensure its independence, in particular with respect to governments and building owners.

Source: Commission national du débat public, https://www.debatpublic.fr/ (accessed 19 September 2018).

Explore the potential of digitalisation and new ICT for enhancing citizen participation

To increase the capacity for engagement, Busan may need to tap into the potential of digitalisation and new technologies, and the possible approaches that arise from them (i.e. social media, mobile government or open data) to better align engagement with the rapid pace of policy making. Although the use of technology for policy making and engagement in Korea, and Busan in particular, is not new, more can be done to fully tap into what technologies can offer. Technology is generally used to improve public communications, but engaging stakeholders in public governance processes such as urban regeneration or improved public service delivery is not that developed. For example, Busan could use technology to reach the younger cohorts of the population that may not otherwise be interested in participating in public meetings. However, one caveat is that not all residents may have the same skills in using ICT and therefore authorities need to make sure that there is wide variety of participation means.

The OECD Recommendation of the Council on Digital Government Strategies (OECD, 2014[29]) underlines the importance of digital technologies to the process of assuming more open and participatory approaches to policy making and public service delivery. For example, open data, geo-localisation and social media can help gather and process information such as the number and location of service institutions, their geographical features, user feedback or even available transportation network. The OECD Council recommends "…identifying and engaging non-governmental organisations, businesses or citizens to form a digital government ecosystem for the provision and use of digital services. This includes the use of business models to innovate the relevant actors' involvement to adjust supply and demand; and the establishment of a framework of collaboration, both within the public sector and with external actors" (OECD, 2014,

p. 7[12]). Digital welfare can help reach more citizens and extend access to information and empowerment in the area of urban regeneration by proposing improvements to government plans or even by formulating their own proposals and discussing them with government officials.

Notes

[1] For further information see: www.oecdbetterlifeindex.org/countries/korea/

[2] For further information see: Observatory of Public Sector Innovation. Citizens Powered Cities www.oecd.org/governance/observatory-public-sector-innovation/blog/page/citizenpoweredcitiesco-producingbetterpublicserviceswithcitizens.htm

[3] In the 1960s in Glasgow, United Kingdom the city built high-density buildings. The problem was not the design of those buildings but the fact that they were built for the wrong people. The buildings were used to re-house families from substandard apartment blocks around the city. Those from small communities were dropped into a completely different and alien lifestyle of living in towers, destroying community interaction and isolating people from society. For further information see: https://primetimeessay.com/public-participation-important-land-use-planning/.

[4] Information gathered during mission meetings at the Architecture and Urban Research Institute (AURI) in Sejong, May 2018.

[5] Mission notes.

[6] Information gathered during the interviews held in Korea for this study.

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